

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

This Circular has been reviewed by Mercury Securities Sdn. Bhd, being the Principal Adviser to SMTrack Berhad ("SMTrack" or the "Company") for the Proposed Diversifications (as defined herein).

Bursa Malaysia Securities Berhad ("Bursa Securities") has perused this Circular to Shareholders in relation to the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature on a limited review basis pursuant to Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities, prior to the issuance of this Circular.

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SMTrack Berhad

(Registration No. 200401000918 (639421-X))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

(I) PROPOSED DIVERSIFICATION INTO PROPERTY RELATED BUSINESSES;

(II) PROPOSED DIVERSIFICATION INTO OIL AND GAS BUSINESSES; AND

(III) PROPOSED DIVERSIFICATION INTO FOOD AND BEVERAGE BUSINESSES

(COLLECTIVELY REFERRED TO "PROPOSED DIVERSIFICATIONS")

PART B

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A



MERCURY SECURITIES SDN BHD

(Registration No. 198401000672 (113193-W))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting of the Company ("EGM") to be held through live streaming from the Broadcast Venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 3 February 2023 at 10.30 a.m. or at any adjournment thereof, together with the Form of Proxy are enclosed with this Circular. If you decide to appoint a proxy or proxies for the EGM, you must complete and lodge the Form of Proxy for the EGM as follows not less than 24 hours before the time appointed for holding the EGM or at any adjournment thereof.

(a) Deposit the Form of Proxy in hardcopy

Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan

(b) Deposit the Form of Proxy electronically

Share Registrar, Boardroom Share Registrars Sdn Bhd via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>

Date of Record of Depositors for the purpose of determining : Friday, 27 January 2023

members' entitlement to attend, vote and speak at the EGM

Last date and time for lodging the Form of Proxy : Thursday, 2 February 2023 at 10.30 a.m.

Date and time of the EGM : Friday, 3 February 2023 at 10.30 a.m.

This Circular is dated 18 January 2023

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	: Companies Act 2016
AGM	: Annual General Meeting of the Company
AHAFB	: AHA Food & Beverage Sdn. Bhd. (Registration No. 202201026245 (1471942-U))
Board	: Board of Directors of SMTrack
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Circular	: This circular to the shareholders of the Company dated 18 January 2023 in relation to the Proposed Diversifications and Proposed New Shareholders' Mandate
Dato' Saiful	: Dato' Saiful Nizam Bin Mohd Yusoff
Dato' Zaidi	: Dato' Zaidi Bin Mat Isa @ Hashim
Directors	: Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon: - (i) a director of SMTrack, its subsidiary or holding company; or (ii) a chief executive officer of SMTrack, its subsidiary or holding company
EGM	: Extraordinary general meeting of the Company
EPS	: Earnings per share
ESA Group	: ESA International and its subsidiaries, collectively
ESA International	: ESA International Sdn. Bhd. (Registration No. 201101035308 (963442-U))
Existing Business	: (i) The design, deployment and distribution of radio frequency identity tags and other tagging solutions using information technology broadband networks as well as the provision of training, maintenance and related consultancy services; and (ii) Performing commercial air transport operations
F&B	: Food and beverage
HSSE	: Health, safety, security and environment
IMR Report	: Independent Market Research Report dated 27 October 2022, prepared by PROVIDENCE
Jiankun	: Jiankun International Berhad (Registration No. 198301015973 (111365-U))
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities

DEFINITIONS (CONT'D)

LPD	:	6 January 2023, being the latest practicable date before the printing of this Circular
LPS	:	Loss per share
Mercury Securities or Principal Adviser	:	Mercury Securities Sdn. Bhd. (Registration No. 198401000672 (113193-W))
MRPSB	:	Menara Rezeki Properties Sdn. Bhd. (Registration No. 201101023480 (951616-V))
MRSB	:	Menara Rezeki Sdn. Bhd. (Registration No. 200201029783 (597446-W))
Muhammad Akmal	:	Muhammad Akmal Bin Saiful Nizam
NA	:	Net assets
O&G	:	Oil and gas
O&G Consultancy Agreement	:	Project consultation agreement dated 6 July 2022 signed between SMTT and 8SC
PPESB	:	Plant & Power Engineering Sdn. Bhd. (Registration No. 200101005458 (541214-T))
Profit Guarantee	:	Pursuant to the SSPA, the Vendor had undertaken to guarantee that AHAFB shall achieve a minimum net profit after all interest and taxes of RM60,000 per month
Project	:	A project involving the proposed development of 3 high-rise buildings which consist of up to 3000 residential units and up to 20 retail units
Property Consultancy Agreement	:	Project management consultancy agreement signed between SMTT and MRPSB dated 23 June 2022
Proposed Diversifications	:	Collectively, the Proposed Diversification into Property Related Businesses, Proposed Diversification into O&G Businesses and Proposed Diversification into F&B Businesses
Proposed Diversification into Property Related Businesses	:	Proposed diversification of the Existing Businesses of the Group to include property management and property development business
Proposed Diversification into O&G Businesses	:	Proposed diversification of the Existing Businesses of the Group to include providing consultancy services for O&G business
Proposed Diversification into F&B Businesses	:	Proposed diversification of the Existing Businesses of the Group to include F&B services and trading in F&B business
Proposed New Shareholders' Mandate	:	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions, as set out in Section 2 of Part B of this Circular to be obtained from shareholders of the Company
PROVIDENCE	:	Providence Strategic Partners Sdn. Bhd. (Registration No. 201701024744 (1238910-A)), the independent market researcher

DEFINITIONS (CONT'D)

Recurrent Related Party Transactions or RRPT	:	Transactions entered into by SMTrack Group which involve the interest (direct or indirect) of Related Party(ies), which are recurrent, of a revenue or trading nature and are necessary for day-to-day operations of SMTrack Group and in the ordinary course of business of SMTrack Group
Related Party(ies)	:	Director(s), major shareholder(s) or person(s) connected with such Director(s) or major shareholder(s) of SMTrack
RFID	:	Radio frequency identification
SSPA	:	Share sale and purchase agreement dated 25 October 2022 signed between the Vendor and SMTFB
SMTrack Group or Group	:	SMTrack and its subsidiaries, collectively
SMTrack or Company	:	SMTrack Berhad (Registration No. 200401000918 (639421-X))
SMTFB	:	SMT Foods & Beverages Sdn. Bhd. (Registration No. 202201024503 (1470200-A)), a wholly-owned subsidiary of the Company
SMTT	:	SMT Turbojet Resources Sdn. Bhd. (Registration No. 202101024490 (1424790-M)), a wholly-owned subsidiary of the Company
Vendor	:	Abdul Halim Bin Ahmad
8SC	:	Eight Safety Consultancy Sdn. Bhd. (Registration No. 201701006876 (1221041-A))

CURRENCY

RM and sen	:	Ringgit Malaysia and sen
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References to “**you**” or “**your**” are to the shareholders of the Company, unless the context otherwise requires.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations, enactments or rules of the stock exchange is a reference to such statutes, rules, regulations, enactments or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time of day and date, unless otherwise stated.

Any discrepancy in the figures included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company’s and/or the Group’s plans and objectives will be achieved.

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NOTICE OF EGM

ENCLOSED

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ENCLOSED

PART A

LETTER TO SHAREHOLDERS OF THE
COMPANY IN RELATION TO THE PROPOSED
DIVERSIFICATIONS

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED DIVERSIFICATIONS. YOU ARE ADVISED TO READ THIS CIRCULAR IN ITS ENTIRETY FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSED DIVERSIFICATIONS BEFORE VOTING AT THE FORTHCOMING EGM

Key information	Description	Reference to Circular
Summary of the Proposed Diversifications	<p>The Company has been exploring new business opportunities to provide additional source of income to the Group. The execution of the Property Consultancy Agreement, O&G Consultancy Agreement and SSPA shall provide the Group an opportunity to undertake the proposed diversification of the Existing Businesses to include the following:</p> <ul style="list-style-type: none">(i) property management and development business;(ii) consulting services for O&G business; and(iii) F&B services and trading in F&B business.	Section 2 of Part A
Rationale and justification for the Proposed Diversifications	<p>The Proposed Diversifications are in line with the Group's objective to expand its revenue stream by diversifying into other viable businesses. This would enhance profitability and shareholders' value in the long term.</p>	Section 3 of Part A
Risk factors	<p>The risks relating to the Proposed Diversifications include, but not limited to the following:</p> <ul style="list-style-type: none">(i) diversification risk;(ii) political, economic and regulatory risk;(iii) project risk;(iv) market risk;(v) fluctuation in crude oil prices;(vi) laws and regulations;(vii) availability of skilled personnel;(viii) competition risk; and(ix) fluctuation in raw material price.	Section 5 of Part A
Approvals required	<p>The Proposed Diversifications are subject to the following approvals being obtained:</p> <ul style="list-style-type: none">(i) the shareholders of the Company for the Proposed Diversifications at the EGM to be convened; and(ii) any other relevant authorities and/or parties, if required.	Section 7 of Part A

EXECUTIVE SUMMARY (CONT'D)

Interests of Directors, major shareholders, and/or persons connected with them	: Save for Dato' Saiful and Azmi Bin Osman in relation to the Proposed Diversification into Property Related Businesses, none of the directors and/ or major shareholders of SMTrack and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Diversifications.	Section 10 of Part A
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Directors' statement/ recommendation	: The Board (save for Dato' Saiful and Azmi Bin Osman in relation to the Proposed Diversification into Property Related Businesses), having considered all aspects of the Proposed Diversifications, including but not limited to the rationale, risks and prospects associated with the Proposed Diversifications, is of the opinion that the Proposed Diversifications is in the best interest of the Company and its shareholders.	Section 11 of Part A
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Accordingly, the Board (save for Dato' Saiful and Azmi Bin Osman in relation to the Proposed Diversification into Property Related Businesses), recommends that you vote in favour of the resolutions pertaining to the Proposed Diversifications to be tabled at the forthcoming EGM.

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SMTrack Berhad

(Registration No. 200401000918 (639421-X))
(Incorporated in Malaysia)

Registered Office:

Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan

18 January 2023

Board of Directors:

Dato' Sri Shaharuddin Bin Khalid (*Independent Non-Executive Chairman*)
Azmi Bin Osman (*Deputy Executive Chairman*)
Dato' Zaidi Bin Mat Isa @ Hashim (*Executive Director*)
Dato' Saiful Nizam Bin Mohd Yusoff (*Executive Director*)
Datuk Wira Justin Lim Hwa Tat (*Executive Director, President*)
Datuk Seri Tan Choon Hwa (*Non-Independent Non-executive Director, Vice President*)
Mahnorizal Bin Mahat (*Senior Independent Non-Executive Director*)
Cheah Ben Lee (*Independent Non-Executive Director*)
Chua Ser Terk (*Independent Non-Executive Director*)
Lam Hwan Chui (*Independent Non-Executive Director*)

To: The shareholders of SMTrack

Dear Sir / Madam,

PROPOSED DIVERSIFICATIONS

1. INTRODUCTION

On 28 October 2022, Mercury Securities, on behalf of the Board, announced that SMTrack proposes to undertake the Proposed Diversifications.

Further details of the Proposed Diversifications are set out in the ensuing sections of Part A of this Circular.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION PERTAINING TO THE PROPOSED DIVERSIFICATIONS TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED DIVERSIFICATIONS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE SET OUT IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED DIVERSIFICATIONS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED DIVERSIFICATIONS

2.1 Proposed Diversification into Property Related Business

On 23 June 2022, SMTT, a wholly owned subsidiary of SMTrack had entered into the Property Consultancy Agreement with MRPSB, as the project management consultant to assist MRPSB in performing services in relation to the Project. The consultancy fee payable under the Property Consultancy Agreement is approximately RM80 million (which is 10% of the estimated gross development cost for the Project). The salient terms of the Property Consultancy Agreement including the services to be provided by SMTT, the services commencement date and completion date are set out in Appendix I of this Circular.

The Project involves a land located at Flat PKNS, Jalan Tun Razak, Kampong Bharu, 50400 Kuala Lumpur and measuring approximately 3.663 acres (159,564 square feet or 14,824 square metres). The Project is expected to commence in the 3rd quarter of 2023 upon the land being transferred and registered in the name of MRPSB.

The Board acknowledges that there is no certainty that the land will be successfully transferred and registered in the name of MRPSB in order for the Project to commence. For clarification, in the event that the Project does not materialise, SMTrack will still proceed with the diversification into the property related businesses which includes property management and property development. The Group is actively sourcing for new contracts in relation to property management projects. As at the LPD, the Group is engaging with 2 to 3 potential clients, however, it is still in the early stage of negotiation. In the future, the Group plans to venture into property development by, amongst others, entering into a joint venture and/or partnership arrangement with developers and/or construction companies. As at the LPD, the Group has not identified any potential joint venture or partnership. In the event the Company has secured a joint venture or partnership arrangement, announcements will be made by the Company in accordance with the Listing Requirements and shareholder approval will be sought, if required.

The Board also acknowledges that SMTrack Group has no prior experience in property related businesses such as property development and property management business. Therefore, SMTrack Group proposes to engage ESA International to jointly undertake the scope of work under the Property Consultancy Agreement in relation to the Project considering the experience of ESA Group in property related projects as set out in Section 2.1.2 of Part A of this Circular. The appointment of ESA International is subject to the commencement of the Project and the terms and conditions for the appointment will be finalised before the commencement of the Project once it is confirmed. Moving forward, SMTrack plans to build up a team of specialist to carry out its property related businesses. The number of personnel to be hired and the timing for the hiring of such personnel are yet to be determined as it is dependent on the commencement of the Project and when the need arises.

In the interim, the Group has identified Dato' Zaidi, an Executive Director of SMTrack to oversee the property related businesses. The Group intends to leverage on the experience of Dato' Zaidi, who has considerable knowledge and experience in property development as detailed in Section 2.1.1 of Part A of this Circular.

For clarification purpose, the Project is a transaction involving Dato' Saiful and Azmi Bin Osman, the Executive Director and Deputy Executive Chairman of the Company respectively, whom are regarded as related parties and are deemed interested in the Project. SMTrack had on 30 June 2022 announced that the Project is a related party transaction and the transaction will be subject to shareholders' approval.

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As at the LPD, the shareholding of MRPSB is as follows:

Shareholders	No. of ordinary shares	%
Jiankun	700,000	70
MRSB	300,000	30
Total issued shares	1,000,000	100

The Company is proposing to seek a shareholders' mandate at an EGM to be convened, to enter into a recurrent related party transaction in relation to the transaction for the Project in view of the interest of Dato' Saiful and Azmi Bin Osman as at the LPD as follows:

Interested parties	Name of Company	Designation	Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Dato' Saiful	SMTrack	Executive Director	-	-	-	-
	MRPSB	Director	-	-	300,000 ⁽²⁾	30
	MRSB ⁽¹⁾	Director	6,999,999	99.99	1 ⁽³⁾	Neg ⁽⁴⁾
	Jiankun ⁽¹⁾	Executive Director and President	21,000,000	6.12	-	-
Azmi Bin Osman	SMTrack	Deputy Executive Chairman	41,361,007	3.54	-	-
	Jiankun ⁽¹⁾	Non-Independent Non-Executive Director	5,125,000	1.49	-	-

Note:

- (1) Jiankun and MRSB are the shareholders of MRPSB with the shareholding of 70% and 30% respectively.
- (2) Deemed interest by virtue of his shareholding in MRSB pursuant to Section 8(4) of the Act.
- (3) Deemed interest by virtue of the shares held by his son, Muhammad Akmal pursuant to Section 59(11)(c) of the Act.
- (4) Negligible.

As at the LPD, there are no other transactions which are expected to be entered with Dato' Saiful, Azmi Bin Osman and parties connected to them.

Moving forward, the Board expects the Property Consultancy Agreement will provide SMTrack the opportunity to venture into the property management and property development segment. Assuming the successful completion of the Project, the Company will be able to gain the relevant know-how and industry experiences which will enhance the track record of the Company and put the Company in a better position to secure other similar projects. Eventually, the Company intends to venture into property development segment once it has established a team of specialist who has accumulated sufficient knowledge and experience through the projects secured by the Company.

2.1.1 Profile of Dato' Zaidi

Dato' Zaidi, aged 54, was appointed as the Executive Director of the Company on 30 September 2020. He has been leading the Group's initiative to expand and diversify the Group's Existing Businesses to include the property related business and F&B business. Currently, he is overseeing the operations and business activities of the Group. He received an Executive Master's in Business Administration from University Malaysia Pahang in 2017.

Dato' Zaidi started his career in 1991 to 1992 with Lembaga Letrik Negara ("TNB"). After leaving TNB, he set up his own business from 1993 to 1994, the said business is no longer operational. He then became the Director of Kumpulan Darul Aman Group from 1993 to 1995 where he was responsible for overseeing the development of the company's corporate policies. Subsequently, he became the Managing Director of Darulaman Consolidated Berhad and subsidiaries of Darulaman Group from 1995 to 2000. During his tenure at Darulaman Consolidated Berhad, he was responsible for providing strategic guidance and direction to the board to ensure that the company achieves its financial vision, mission and long-term goals. He was also tasked to develop the company's strategy, providing corporate advices and assisting the company to achieve its corporate goals during his tenure at the subsidiaries of Darulaman Group.

In 2002, Dato' Zaidi became the Chief Executive Officer of My Prima Group of Companies until 2005 where he was responsible for the company's overall operations. In 2006 till 2016, Dato' Zaidi was also appointed as the Director of Investment of Cash Support Sdn Bhd, a company which specialise in property development and real estate management. During his tenure with the company, he led a team in processing and assessing investments for the company's projects including the Eco Marine Theme Park and Resort project in the state of Melaka.

He was also appointed in 2012 till 2015 as a Senior Vice President for Corporate Planning and Strategy with Radiant Growth Investment Ltd with business ventures in USD200.0 million plantation development in Kampong Thom, Cambodia.

From 2015 to 2017, he served as the Executive Director of INIX Technologies Holdings Berhad where he was responsible for governmental relations and the overall strategic growth of the company.

From 2016 to 2017, he also serves as the Independent Non-Executive Director of NWP Holdings Berhad. Subsequently from 2017 to 2021, he served as the Independent Non-Executive Chairman of Metronic Global Berhad.

As at the LPD, he currently sits on the board of Key Alliance Group Berhad which he was appointed as an Independent Non-Executive Chairman in 2017.

2.1.2 Information on ESA International

ESA International was incorporated in Malaysia on 10 October 2011. ESA Group is principally involved in the provision of consulting services for all areas of civil and structural engineering.

As at 9 January 2023, the directors of ESA International are Ahmad Kamal Arif Bin Mohamad and Siti Hajjar Binti Daud.

As at 9 January 2023, the shareholders of ESA International are as follows: -

Shareholders	No. of ordinary shares	%
Ahmad Kamal Arif Bin Mohamad	47,501	95.0
Siti Hajjar Binti Daud	2,501	5.0
Total issued shares	50,002	100.0

ESA International Group's notable ongoing and completed projects in relation to civil and structural project management consultancy include the following:

- (i) Master planning for Bukit Bintang City Centre for UDA Holdings Berhad, being one of the joint developers. The master planning work conducted by ESA International Group for the project started in 2009 and has completed in 2012;
- (ii) MRCB Kajang Utama PRIMA, a property development project worth RM200 million which consists of 2 blocks of 35-storey apartments located in Kajang, Selangor for Malaysian Resources Corporation Berhad. The project commenced in 2016 and completed in 2019; and
- (iii) Royal Malaysia Police College Kuala Lumpur, a property development project worth RM400 million for PBLT Sdn Bhd (formerly known as Pembinaan BLT Sdn Bhd) involving the construction of multiple blocks of 20-storey apartments. The project commenced in 2009 and completed in 2012.

2.2 Proposed Diversification into O&G Businesses

On 6 July 2022, SMTT had entered into the O&G Consultancy Agreement with 8SC, as the administrative and technical consultant for petroleum oil and gas industry in relation to safety product purchase process. The salient terms of the O&G Consultancy Agreement are set out in Appendix II of this Circular. For clarification purpose, there is no related party involved in the O&G Consultancy Agreement.

SMTrack has experience in providing traceability solutions as well as platforms using its RFID technology in industries such as food processing, logistic and supply chain. For example, traceability solutions used in food processing include recording of product movements and steps within the production process through means of barcodes or RFID tags and other tracking media. SMTrack believes that such experience may be applicable to the O&G traceability solution field in which SMTT is appointed as a consultant under the O&G Consultancy Agreement. The traceability solution may be applicable to the daily administrative support role of SMTT such as managing and recording of all the intellectual property of the existing petroleum O&G safety equipment's sales process.

The scope of work to be performed by SMTT under the O&G Consultancy Agreement includes overseeing the daily administrative management of the projects such as managing the O&G safety equipment's sale process as mentioned above as well as providing technical services management such as coordinating and enhancing the field development process in relation to the client's O&G projects. There is no timeframe for completion of the O&G Consultancy Agreement as it is a continuous collaboration project between SMTT and 8SC based on the projects secured by 8SC from O&G company from time to time. SMTT and 8SC estimate that the targeted revenue arising from the O&G Consultancy Agreement will be approximately RM3 million per annum. For clarification purpose, the targeted revenue was estimated by the management of the Company based on the discussion with 8SC before the execution of the O&G Consultancy Agreement after considering various factors such as the number of potential contracts to be secured by 8SC and the estimated value of these potential contracts. There is no certainty that the targeted revenue can be achieved as the factors considered by the parties in estimating the revenue may vary depending on market conditions and contracts to be secured. SMTT shall be appointed as the project consultant under the O&G Consultancy Agreement for the O&G projects secured or to be secured by 8SC, unless the parties wish to have different terms and conditions for the specific O&G projects secured, then a separate agreement will be entered into between both parties.

As at the LPD, 8SC has been awarded a contract from an O&G company for the provision of consultancy services relating to HSSE ("**HSSE Contract**"). SMTT will be collaborating with 8SC

to provide the consultancy services under the said contract and that the value could not be determined at this juncture as the HSSE Contract is a service agreement where the services will be provided on an ad-hoc basis although the value of the HSSE Contract will generally depend on the type of services provided and the duration of services.

The Board recognises that aside from the experience in providing traceability solutions, SMTrack Group currently does not possess sufficient experience, expertise and capability to carry out its entire obligations under the O&G Consultancy Agreement in relation to the HSSE consultancy project secured by 8SC as this is SMTrack Group's first foray into providing consultancy service for O&G industry. In view of the foregoing, SMTrack Group proposes to engage PPESB to jointly undertake SMTT's obligations under the O&G Consultancy Agreement in relation to the HSSE Contract given its expertise and experience as set out in Section 2.2.2 of Part A of this Circular. On the assumption the Proposed Diversification into O&G Businesses has been approved by the shareholders, the appointment of PPESB will be prior to the commencement of the HSSE Contract.

Moving forward, the Group also intends to expand internally by hiring the necessary expertise to ensure adequate resources are available to effect any project secured pursuant to the O&G Consultancy Agreement. The size and structure of the staff capacity as well as the timing for the hiring have yet to be determined at this juncture as this would depend on, amongst others, availability of qualified and suitable candidates, the number of projects secured and the requirements of each project.

In the interim, the Group has identified Azmi Bin Osman, the Group Deputy Executive Chairman of SMTrack, as the key person to spearhead the O&G businesses.

2.2.1 Profile of Azmi Bin Osman

Azmi Bin Osman, aged 46, was appointed to the Board on 9 November 2017. He is responsible for the overall development of the Group's corporate objectives, business strategy and directions. He received a Bachelor of Arts in Accountancy from University of Lincolnshire & Humberside in 1999. He was admitted as a member of the Malaysia Institute of Accountants in 2013 and as a member of the Association of Chartered Certified Accountants in 2008.

Prior to his role in SMTrack, he held the following roles:

Year	Designation	Company	Roles and responsibilities
2000-2007	Team Leader and Country Director	KPMG Malaysia	(i) Performed audit assignments and reviewed accounting system for clients particularly from the O&G sector.
2006-2009	Audit Partner	Tentsver Orgil Audit LLC	(i) Performed and managed audit and advisory services for local Mongolian companies. (ii) Assisted the managing partner in business development growth, tax advisory and planning for the company.
2009-Present	Managing Partner	Wall Bridge Consulting LLC	(i) Assist the executive director in merger & acquisition assignments for investors in Mongolia particularly for financial and tax due diligence.
2009-Present	Advisor	Crowe Mongolia TMZ LLC	(i) Advises the executive director on the development of strategic planning. (ii) Support the executive director in communication with local and international clients.

2010-2014	Managing Partner and shareholder	CNM Audit LLC	(i)	Planned and managed audit assignments as well as securing new client contracts for the company.
2013-2016	Chief Financial Officer	Asian Metal Exploration Consultancy Sdn Bhd	(i)	Reviewed financial reports as well as securing new client contracts for the company.
			(ii)	Led the management team in developing the company's business and operational plan, including budgets, so as to achieve maximum profitability.
2014-Present	Managing Director	ABO Consultancy Sdn Bhd	(i)	Determine the company's strategic objectives and policies.
			(ii)	Manage and perform budget for operation, cash flow forecast, etc. and liaise with government authorities and other external parties.
2016-2017	Financial Advisor	Malaysia Smelting Corporation Berhad	(i)	Performed cost and benefit analysis for its main and support contractor and assisted in preparing tender documents, when necessary.
			(ii)	Provision of advisory services, including but not limited to financial planning, business growth strategies and financial advisory.

As at the LPD, he sits on the Board of Jiankun which he was appointed as the Non-Independent Non-Executive Director in March 2022.

He has extensive experience in the field of accounting, auditing and consultancy and throughout his consultancy career, he has been dealing and providing services to various O&G customers.

2.2.2 Information on PPESB

PPESB was incorporated in Malaysia on 8 March 2001 and is principally involved in the provision of heating, ventilation, air conditioning and refrigeration system for marine/naval, offshore O&G industry. PPESB also provide specialist services in various areas such as health and safety, environmental management and risk management.

As at the LPD, the directors of PPESB are Syed Shah Redza Bin Syed Mohamed Redza and Omer Mumtaz.

As at the LPD, the shareholders of PPESB are as follows: -

Shareholders	No. of ordinary shares	%
Enro Analisa Sdn Bhd	1,750,000	70
Plant & Power Offshore Engineering Sdn Bhd	750,000	30
Total issued shares	2,500,000	100

As at the LPD, none of the Directors has any direct or indirect shareholdings in PPESB.

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Over the years, PPESB has been providing health and safety related services to their clients which includes providing health and safety training, setting up safety systems and supplying protective personnel. Some of their notable projects undertaken by PPESB in the O&G industry in Malaysia and abroad include the following:

Client	Scope of work	Project value (RM'000)	Commencement of the project
Sapura OMV Upstream (Sarawak) Inc.	(i) Provision of HSSE consultancy services and process safety management for Sapura OMV operations SK408 & SK310	2,045	2022-present
Sapura Energy Berhad/ Sapura OMV (KL)	(i) Provision of training in emergency response as well as the provision of HSSE consultancy services and process safety management (ii) Provision of HIV management (iii) Provision of offshore safety passport procedure development (iv) Provision of security standard	2,551	2018-present
Mubadala Energy LLC (formerly known as Mubadala Petroleum LLC) in Abu Dhabi, Singapore, Malaysia, Thailand, and Indonesia.	(i) Provision of emergency response and crisis management services in multi-country exercises (ii) Provision of human resource (HR) response (iii) Developed business continuity management policies and methodologies	2,106	2010-present
Dolphin Energy	(i) Provision of training in emergency response, human resource (HR) response, crisis communications & in crisis management (ii) Gap analysis of onshore/offshore emergency response structure	1,044	2010-2019
Igas Energy Plc	(i) Provision of emergency response and crisis management services (ii) Security coordinator (iii) Liaised with regulatory/government authorities on site security matters	2,780	2010-2015

2.3 Proposed Diversification into F&B Businesses

The Company proposes to undertake the diversification of the Existing Businesses into the F&B business via AHAFB, a subsidiary of SMTFB which is a wholly owned subsidiary of SMTrack.

On 25 October 2022, SMTFB had entered into the SSPA with the Vendor for the acquisition of 60 ordinary shares in AHAFB from the Vendor, representing 60% of the entire issued share capital of AHAFB for a total purchase price of RM500,000 only. The remaining 40% of the shareholding is held by the Vendor. The salient terms of the SSPA are set out in Appendix III of this Circular. The acquisition under the SSPA was completed on 8 November 2022 and it was not subject to shareholders' approval.

The principal activity of AHAFB is as the operator of Nasi Ahmad restaurants which specialise in selling nasi kandar and currently it has 2 operating outlets. Further information of AHAFB is set out in Appendix IV of this Circular.

Pursuant to the SSPA, the Vendor has provided a Profit Guarantee where commencing from 1 September 2022, SMTFB shall be entitled to 60% of such Profit Guarantee which is equivalent to minimum RM36,000 per month for as long as SMTFB is a shareholder of AHAFB.

The Group plans to expand the business by opening 8 additional Nasi Ahmad restaurants across Klang Valley and 10 food stalls in shopping malls and universities in the coming 12 months. Presently, the Group has identified the location for 2 new restaurant outlets and is in the midst of negotiating the rental terms with the landlords. The locations for the food stalls have yet to be determined by the Group. The Group intends to fund the expansion via bank borrowings and internally generated funds. As the expansion plan is still ongoing, the Group is unable to determine the estimated cost of the expansion and the breakdown of the source of funding at this juncture.

Moving forward, the Group intends to also venture into trading of F&B in the coming 12 months by importing raw materials such as halal frozen meats from overseas and distributing to local wholesalers, retailers and/or restaurant operators in Malaysia including to Nasi Ahmad. The Group has been engaging with a few potential suppliers however it is still in the early stage of negotiation. Therefore, the Group is unable to determine the estimated cost for this business at this juncture. Notwithstanding that, the Group believes by venturing into trading of F&B, it will benefit the Nasi Ahmad business under the Group as the Nasi Ahmad business will be able to reduce its operating cost by purchasing the raw materials directly from the Group.

Although the Group has no prior experience in the F&B business, the Board expects the Group to leverage on the brands, standard operating procedures, recipes and training to be provided by the existing management of the acquired business. The daily operation of the business will still be undertaken by the Vendor. Currently, the Group has identified Dato' Zaidi to oversee the F&B business while relying on the expertise of the Vendor. The profile of Dato' Zaidi is provided in Section 2.1.1 of Part A of this Circular. The Group will also seek to hire additional personnel with the necessary skills and experience as and when required or necessary. Therefore, the number of staff to be hired has yet to be determined.

Profile of the Vendor

The Vendor, Abdul Halim Bin Ahmad, a Malaysian aged 48, is the founder of Nasi Ahmad. His highest academic qualification attained was Diploma in Engineering from Politeknik Sultan Abdul Halim Muadzam Shah in 1996.

He started his career as a production supervisor for Nichias Tozetsu (NT) Rubber Seals Sdn Bhd from 1996 to 2006. Subsequently, he joined KAT Technologies Sdn Bhd as a General Manager of Sales and Distribution from 2007 to 2016.

In 2016, he founded Nasi Ahmad, where he is responsible for overseeing business growth direction, strategic planning, business development and overall operations of Nasi Ahmad. He has been managing his own business in the F&B industry for approximately 6 years.

2.4 Proposed Diversifications

The Board anticipates that the Proposed Diversifications shall contribute more than 25% or more of the net profits of the Group and/or result in a diversion of 25% or more of the Group's net assets in the future after taking consideration of the following: -

- (i) the latest audited loss after tax of the Group for the 17-month financial period ended 31 December 2021 of RM7.79 million; and
- (ii) the latest audited NA of the Group as at 31 December 2021 of RM43.50 million.

Pursuant thereto, the Board proposes to seek the approval of the Company's shareholders for the Proposed Diversifications, as required pursuant to Rule 10.13 of the Listing Requirements.

Notwithstanding the Proposed Diversifications, the Group intends to maintain its Existing Businesses in the same manner and will continue its efforts on operational efficiency and effective cost management in order to further improve the Group's financial performance.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED DIVERSIFICATIONS

Currently, the Group is principally involved in 2 main business segments namely the design, deployment, distribution of radio frequency identity tags and other tagging solutions using information technology broadband networks and the provision of training, maintenance and related consultancy services as well as carrying out commercial air transport operations ("**Existing Businesses**").

Over the years, the Group has been facing increasing challenges in generating profitability in the Existing Businesses especially during the COVID-19 pandemic period. The Proposed Diversifications are in line with the Group's objective to expand its revenue stream by diversifying into other viable businesses. This would enhance profitability and shareholders' value in the long term.

The Board believes that by venturing into the property related industry, it should provide the Group an extra revenue stream and earnings base given the optimistic outlook within the property development sector as the sector is gradually recovering from the pandemic following the reopening of the economy and country borders. Further to that, the growing population in Malaysia and initiatives announced by the government under Budget 2022 is expected to contribute positively to the property development market as detailed in the Section 4.2 of Part A of this Circular. The Board believes with these external factors in mind, the property development sector is expected to grow gradually.

In addition, considering the growing demand post-pandemic within the O&G sector due to the increased consumption of crude oil and natural gas by various end-users, and thus, exploration and production activities are expected to increase as detailed in Section 4.3 of Part A of this Circular. The Board believes that by venturing into the support services for the O&G industry, it can improve the financial performance of the Group and also reduce its dependence on the Existing Businesses.

The F&B business is envisaged to be one of the Group's stable business moving forward and it is expected to contribute positively to the Group's earning considering the Profit Guarantee provided under the SSPA and the favourable outlook and prospects of the F&B service industry as well as wholesale trade of F&B due to the growing population and improving consumer

spending post pandemic, as detailed in the Section 4.4 of Part A of this Circular, the F&B sector is set for recovery after a tumultuous year. The Board believes that with this growth prospects in the F&B service industry and the increase in global demand for halal food, it is an opportunity for the Group to further improve its financial performance by diversifying into the F&B business.

As the Proposed Diversifications involve the Group venturing into multiple businesses which differ from the existing business operations of the Group, the Group is required to undertake the Proposed Diversifications pursuant to Rule 10.13 of the Listing Requirements.

The Board acknowledges that the Group has no prior experience in these 3 businesses. However, with the favourable industry outlook, the Board is of the view that the Proposed Diversifications will allow the Group to have additional income streams as well as reduce its dependency on its Existing Businesses which will improve the financial performance of the Group in the long run. By leveraging on the experience and expertise of ESA International, PPESB and the Vendor, the Board believes that the Group will have the capacity, capability and resources to diversify into these businesses.

4. INDUSTRY OVERVIEW AND OUTLOOK AND PROSPECTS OF THE GROUP

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy improved in 2021, registering a growth of 3.1%: The recovery momentum in the early part of the year was affected by the reimposition of nationwide containment measures from June to September 2021, following a rapid resurgence of cases due to the Delta variant. However, unlike the movement restrictions in the second quarter of 2020, more essential economic sectors were allowed to operate, while businesses and households were better adapted to the containment measures and standard operating procedures. Notwithstanding this, some sectors, such as high-touch services, tourism related industries and construction, were slower to recover due to continued restrictions on movement and operating capacity. As these restrictions were eventually lifted in October 2021 amid rapid progress in domestic vaccinations, economic activities picked up and labour market conditions improved. The expansion in employment and subsequent increase in private sector wages contributed towards increased household spending. Private investment growth was supported by expansion in productive capacity, especially in the manufacturing sector, alongside higher capital spending by firms on automation and digitalisation. In addition, external demand also provided additional support to our economic growth in 2021.

(Source: Economic and Monetary Review 2021, BNM)

Malaysia's economy expanded by 6.9% in the first half of 2022 underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the Government's consistent policy support, particularly with the implementation of initiatives under the Budget 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country

transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% – 7%. The domestic economy remains resilient and is forecast to expand between 4% – 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

(Source: Economic Outlook 2023, Ministry of Finance)

The Malaysian economy registered a strong growth of 14.2% in the third quarter of 2022 (2Q 2022: 8.9%). Apart from the sizeable base effects from negative growth in the third quarter of 2021, the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

During the quarter, domestic demand expanded by 13.1% (2Q 2022: 13.0%), driven by firm private sector expenditure. Private consumption growth remained robust at 15.1% (2Q 2022: 18.3%). This was attributed to the continued recovery in labour market conditions with higher employment and income growth. The strong performance was driven by spending across both necessities and discretionary items. Policy support, including the increase in minimum wage and Bantuan Keluarga Malaysia also spurred consumer spending. Public consumption expanded at a faster pace of 4.5% (2Q 2022: 2.6%), attributable to higher growth in spending on supplies and services.

Going forward, Malaysia's economic growth will be supported by continued expansion in domestic demand. The economy would benefit from the improvement in labour market conditions, realisation of multi-year projects and higher inbound tourism activity. While external demand is expected to moderate, this will be partly cushioned by Malaysia's diversified export base.

The balance of risks to Malaysia's growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

(Source: BNM Quarterly Bulletin, Third Quarter 2022, Bank Negara Malaysia)

4.2 Overview and outlook of the property development industry in Malaysia

Between 2017 and 2019, Malaysia's wealth, as depicted by its real gross domestic product ("GDP"), increased from RM1.3 trillion to RM1.4 trillion at a compound annual growth rate ("CAGR") of 4.6%. Total property transaction value increased from RM105.5 billion to RM116.2 billion during the same period at a CAGR of 4.9%. From this,

- the residential property segment increased from RM68.5 billion to RM72.4 billion at a CAGR of 2.8%;
- the commercial property segment increased from RM25.4 billion to RM29.0 billion at a CAGR of 6.7%; and
- the industrial property segment increased from RM11.6 billion to RM14.8 billion at a CAGR of 12.9%.

In 2020, all economic sectors registered a contraction in growth. While the COVID-19 pandemic containment measures aided Malaysia's efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise, activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities. As a result, Malaysia's GDP contracted by 5.6% in 2020

and real GDP dipped to RM1.3 trillion (2019: RM1.4 trillion). Total property transaction value in 2020 was RM98.2 billion, a 15.5% drop from the RM116.2 billion recorded in 2019. Correspondingly in the same year,

- residential property transactions dropped to RM65.9 billion (from RM72.4 billion in 2019);
- commercial property transactions dropped to RM19.5 billion (from RM29.0 billion in 2019); and
- industrial property transactions dropped to RM12.8 billion (from RM14.8 billion in 2019).

A total of 216,367 property transactions took place in 2020, a 10.3% drop from the 241,210 transactions in 2019, whereby the volume of:

- residential property transactions dropped to 191,354 (from 209,295 in 2019);
- commercial property transactions dropped to 20,255 (from 25,654 in 2019); and
- industrial property transactions dropped to 4,758 (from 6,261 in 2019).

Malaysia's GDP registered a growth of 3.1% in 2021. The recovery momentum in the early part of the year was affected by the reimposition of nationwide containment measures from June to September 2021, following a rapid resurgence of cases due to the Delta variant. However, unlike the movement restrictions in the second quarter of 2020, more essential economic sectors were allowed to operate, while businesses and households were better adapted to the containment measures and standard operating procedures. External demand also provided additional support to Malaysia's economic growth in 2021.

In 2021, construction activities in the residential and non-residential subsectors remained subdued following extended periods of lockdown and reduced operating capacity. Nevertheless, the easing of the containment measures since August 2021 and the reopening of the economy supported gradual improvement in construction activities towards the end of 2021. As a result, the construction sector contracted year-on-year by 5.2% in 2021 (2020: -19.4%). The reopening of the economy as well as ongoing construction activity in large infrastructure projects and implementation of small-scale projects under Budget 2022 is expected to positively impact the construction sector in 2022. The construction sector is forecast to experience a growth rate of 2.3% in 2022 and 4.7% in 2023.

In 2021, the property market began showing signs of recovery as total property transactions rose to RM121.8 billion at a year-on-year growth rate of 24.0%. Correspondingly, residential property transactions rose to RM76.9 billion at a year-on-year growth rate of 16.7%. During the year, loan applications and approvals for purchase of residential properties rose to RM349.6 billion (2020: RM266.4 billion) and RM122.0 billion (2020: RM93.1 billion) respectively. The commercial property market also showed recovery in 2021, as commercial property transactions rose to RM27.9 billion at a year-on-year growth rate of 43.1%. Similarly, the industrial property market saw a year-on-year growth rate of 32.8% as industrial property transactions rose to RM17.0 billion. PROVIDENCE projects the property market, in terms of total property transaction value to witness a growth rate of 12.3% in 2022 and 12.8% in 2023.

In 2021, the volume of property transactions showed recovery to reach 226,835 transactions, a 4.8% increase from 2020 (2020: 216,367 property transactions). During the year, the volume of residential property transactions rose by 3.9% to 198,812 (2020: 191,354 transactions), while commercial property transactions rose by 10.7% to 22,428 (2020: 20,255 transactions) and industrial property transactions rose by 17.6% to 5,595 (2020: 4,758 transactions). PROVIDENCE projects the property market, in terms of total property transaction volume to witness a growth rate of 3.3% in 2022 and 3.5% in 2023.

The recovery of Malaysia's property market in 2021 was mainly supported by the implementation of various stimulus under Pelan Jana Semula Ekonomi Negara ("**PENJANA**") and Prihatin Rakyat Economic Stimulus Package ("**PRIHATIN**"), as well as measures under Budget 2021 which sustained consumer confidence and spending.

Under Budget 2022, the Government announced several initiatives in addition to that for the affordable housing segment, among which include:

- Real Property Gains Tax ("**RPGT**") will not be levied on disposals of real property made from the sixth year onwards;
- RM398.0 million allocation for 11,800 apartment units under Project Perumahan Rakyat;
- RM315.0 million allocation for 3,000 house units under Program Rumah Mesra Rakyat;
- RM266.0 million allocation for Program Perumahan Penjawat Awam;
- RM361.0 million allocation for the construction of new houses and repair of 14,000 houses under Program Bantuan Rumah;
- RM125.0 million allocation for Program Penyelenggaraan Perumahan dan Tabung Penyelenggaraan Perumahan Malaysia;
- RM2.0 billion allocation for housing loans to those without fixed income under Skim Jaminan Kredit Perumahan;
- RM230.0 million will be prepared for maintenance and repair works for schools in military camps, military facilities and military quarters, namely Rumah Keluarga Angkatan Tentera. The allocation will also be used for the repair and replacement of lifts in Polis Diraja Malaysia quarters; and
- RM365.0 million allocation for the repairs and maintenance of quarters and buildings under the supervision of the Property Management Division.

The outlook for the property market in 2022 is promising as domestic economic activities are anticipated to improve following the reopening of the economy and country borders. Further, measures under Budget 2022 are expected to positively contribute to the property development market.

(Source: IMR Report by PROVIDENCE dated 27 October 2022)

4.3 Overview and outlook of the O&G industry in Malaysia

Between 2017 and 2021, the O&G industry in Malaysia contributed between 6.0% and 8.6% of the country's GDP, signifying its importance to overall economic development. Sabah and Sarawak are the key O&G producing states in Malaysia.

Malaysia's crude oil production comes from offshore fields. Malaysia's production of crude oil and condensates declined at a rate of 6.2%, from 241.0 million barrels in 2017 to 186.7 million barrels in 2021. Over the same period, production of natural gas declined at a rate of 3.6% from 79.6 billion m³ to 68.7 billion m³. Malaysia's production of crude oil and condensates as well as natural gas has been declining as a result of maturing fields and a lack of developed new fields. In 2021, Malaysia was the 4th largest crude oil producing country and 3rd largest natural gas producing country in Asia Pacific.

The O&G industry is a subset of the mining and quarrying sector. In 2021, the mining and quarrying sector registered positive growth rate of 0.7% (2020: -10.6%). The turnaround was mainly attributed to the gradual recovery in global oil demand and new output from the PETRONAS Floating Liquefied Natural Gas DUA facility located in offshore East Malaysia, which commenced operations in February 2021. These factors had more than offset the impact of facility closures such as the Gumusut-Kakap field for maintenance purposes, and production disruptions in the other mining sub-sector due to restrictions from containment measures. The

mining and quarrying sector is forecast to experience a growth rate of 2.1% in 2022 and 1.1% in 2023. Growth is expected to be driven by higher natural gas output from existing and new gas fields. The improved production of crude oil and condensates, especially with the resumption of a major oil field operation in Sabah also supported the sector's recovery. Global energy prices which are projected to remain high, bode well for the sector to increase its output.

The average annual price of Brent crude oil rose from USD54.39 per barrel in 2017 to USD71.07 per barrel in 2018 before dipping to USD64.03 per barrel in 2019 amid concerns of oversupply and weak demand. In July 2019, the Organisation of the Petroleum Exporting Countries (“OPEC”) and its non-OPEC partners under the Vienna Agreement, agreed to an extension of production cuts through March 2020. In 2020, average annual price of Brent crude oil price further dropped to USD42.30 per barrel as worldwide demand for oil fell rapidly as governments closed businesses and restricted travel due to the COVID-19 pandemic. The impact of reduced economic activity created an oversupply of crude oil in the market and consequently caused crude oil prices to drop. However, the average annual price of Brent crude oil began improving in 2021 and rose to USD70.44 per barrel as global production increased more slowly than demand, driving higher prices. The slower increase in production was mostly attributable to OPEC+ crude oil production cuts that started in late 2020. OPEC and other countries, such as Russia, that coordinate production with OPEC (referred to as OPEC+) announced in December 2020 that they would continue to limit production increases throughout 2021 to support higher crude oil prices.

Between 2017 and 2021, global demand for crude oil, measured by consumption volume, declined at a CAGR of 0.5% from 35.0 billion barrels to 34.3 billion barrels. Over the same period, global demand for natural gas also recorded positive growth, increasing from 3,652.9 billion m³ to 4,037.5 billion m³ at a CAGR of 2.5%. Moving forward, the global demand for crude oil is expected to further increase from 34.3 billion barrels in 2021 to 37.3 billion barrels in 2025 (CAGR: 2.1%), while the global demand for natural gas is expected to increase from 4,037.5 billion m³ in 2021 to 4,112.0 billion m³ in 2025 (CAGR: 0.5%).

The increased consumption of crude oil and natural gas by various end-users such as the transportation and power generation sectors, is creating high demand for energy. To meet this demand, governments and vendors are investing in exploration and production activities for increasing the production of O&G.

The capital expenditure of O&G companies in Malaysia is an indicator of the outlook of the country's O&G industry. The capital expenditure of O&G companies is influenced by crude oil prices, where falling crude oil prices typically result in capital expenditure cuts. In 2021, Petroliaam Nasional Berhad (“PETRONAS”) continued to invest in growth projects. However, many projects were affected by the prolonged movement restriction order, coupled with supply chain interruptions. A total of RM15.0 billion was directed to domestic projects in 2021, principally in the upstream segment, where the focus remained on the development of new fields. PETRONAS further allocated approximately RM60.0 billion for capital expenditure in 2022 as it prepares for the resumption of business activities, which were earlier disrupted by COVID-19-driven movement restrictions, and as it sets aside allocation for clean energy or non-hydrocarbon-related ventures. Approximately 10% of PETRONAS' capital expenditure allocation will be earmarked for non-traditional businesses such as specialty chemicals and solar energy.

(Source: IMR Report by PROVIDENCE dated 27 October 2022)

4.4 Overview and outlook of the F&B industry in Malaysia

The wholesale trade of F&B as well as sale of F&B through retail and foodservice channels in terms of sales value rose from RM1.2 trillion in 2017 to RM1.4 trillion in 2021 at a CAGR of 3.9%. Of this, the sales of F&B through foodservice channels rose from RM25.8 billion in 2017 to RM34.4 billion in 2021 at a CAGR of 7.4%. In 2020, arising from the COVID-19 pandemic, at-

home consumption of F&B increased while out-of-home consumption was severely affected by the containment measures and operating capacity restrictions imposed by the Government of Malaysia to curb the spread of the virus. Food delivery began gaining momentum in 2020 as the foodservice industry adapted to cope with pandemic-related restrictions and movement controls.

The foodservice sector began showing recovery in the last quarter of 2021 as more consumers resumed dining-in. This recovery comes after a long period of decline in 2020 and the early part of 2021 due to the COVID-19 pandemic which saw the imposition of containment measures and operating restrictions to curb the spread of the virus. By the last quarter of 2021, F&B outlets were allowed to open for business with normal operation hours, while diners returned to physical premises while observing social distancing rules. As a result, the sales value of wholesale trade of F&B as well as sale of F&B through retail and foodservice channels registered a year-on-year growth rate of 3.2% (2020: -7.1%), nonetheless the sales of F&B through foodservice channels experienced a year-on-year contraction of 10.0% (2020: -21.6%).

The return to normal business with the reopening of international borders on 1 April 2022 and the transition to the endemic phase of the COVID-19 outbreak is expected to support retail spending as it boosts human traffic at shopping malls. Several malls have begun strengthening their F&B lineup with new tenants. The introduction of new eateries and lifestyle retail concepts aim to position shopping malls as a meeting destination for shoppers to socialise. Selected shopping malls in the Klang Valley are also transforming their properties, with more retail operators remodelling their retail spaces into F&B outlets.

PROVIDENCE projects the sales value of wholesale trade of F&B as well as sale of F&B through retail and foodservice channels to register a growth rate of 6.9% in 2022 and 7.5% in 2023. From this, the sales of F&B through foodservice channels are projected to register a growth rate of 4.2% in 2022 and 4.4% in 2023.

The greater normalisation of economic and social activities will augur well for the general recovery of Malaysia's foodservice sector. In particular, shopping malls that cater to tourists will receive a boost from the reopening of borders. The return of tourists to Malaysia will bode well for the overall foodservice sector as the country offers a plethora of dining options. Although we anticipate improvements in business performance in 2022, consumer spending may take some time to recover and return to pre-pandemic levels.

In 2018, the global Muslim population spent an estimated USD1.4 trillion on food, and this is expected to reach USD2.0 trillion by 2024. With the increase in global expenditure by the Muslim population as well as the growing popularity of halal food, many countries are taking initiatives to capitalise on this growth potential. Malaysia, as a Muslim country, is well positioned to be the centre for the promotion, distribution and production of halal food.

(Source: IMR Report by PROVIDENCE dated 27 October 2022)

4.5 Prospect of the Group

As at the LPD, the Group is principally engaged in the Existing Businesses. Further, the Group had on 21 November 2022 obtained shareholders' approval to diversify the Group's Existing Businesses to include the provision of beauty and wellness products and services.

The Group has been actively identifying other business opportunities to expand its revenue stream. In addition to the plan to diversify into beauty and wellness industry, the Property Consultancy Agreement serve as an entry for the Group to venture into the property related industry. Premised on the successful completion of the project, the Group will be able to accumulate sufficient experience to embark on other property management projects on its own without the need to engage any other service provider or consultant to support the Group, which could then reduce the operational cost of the Group.

Moving forward, the Group intends to further expand its involvement in the property sector by venturing into property development via different avenues including joint venture or partnership arrangement. However, the timing for such expansion is yet to be confirmed as it would depend on the outcome of identifying a suitable business partner, the size of the project and the availability of the resources of the Group at that point in time. Nevertheless, if the opportunity to venture into property development arises, the Group intends to fund its financial resources via its internally generated funds and/or bank borrowings.

In relation to the O&G Consultancy Agreement, it serves as an entry for the Group to venture into the O&G related industry leveraging on the Group's experience in track and trace solutions and its RFID technology which may serve as a complementary to the services provided under the O&G Consultancy Agreement. In view that the O&G Consultancy Agreement is a continuous collaboration project with 8SC, the Group will be able to gain relevant experience by involving in different kind of projects secured by 8SC and thereby expanding its range of service offerings to a broader customer base and market. Furthermore, business synergy can arise from such collaboration including sharing of knowledge and information, manpower and resources, which are beneficial to the Group in term of project execution.

Aside from the O&G Consultancy Agreement, the Group will explore for new collaboration with other consultancy companies and/or to engage with the O&G customers directly. In view that the Group is merely providing consultancy services, the Group does not expect to incur any substantial expenses other than the financial resource for hiring additional manpower for the purpose of business expansion. If such need arises, the Group intends to fund through its internally generated funds.

With the acquisition of AHAFB, the Group will be able to diversify its business and venture into F&B industry without incurring significant initial investment taking into account amongst other, the Profit Guarantee provided. The Group will also be able to leverage on the competency and experience of the existing management team in AHAFB which will contribute positively to the performance of the business.

In the coming 12 months, the Group will continue to expand its F&B business by opening additional new restaurant outlets across Klang Valley as well as setting up food stalls in shopping malls and universities. The Group believes that the business expansion plan would help to promote the branding of Nasi Ahmad and enhance the growth of the business. Additionally, in an effort to further enhance the F&B business of the Group, the Group intends to venture into trading of food and beverage such as halal frozen meat in the next 12 months. Further details on the Group's plan to expand its F&B business are provided in Section 2.3 of Part A of this Circular.

The Group believes by venturing into trading of food and beverage, it will not only benefit the Nasi Ahmad business under the Group but will also contribute positively to the Group's overall revenue as the Group foresees that there will be an increase in demand for halal food due to the increase in expenditure by the Muslim population and the growing popularity of halal food globally as set out in Section 4.4 of Part A of this Circular.

Premised on the above and barring of unforeseen circumstances, the Board is cautiously optimistic of the future prospects of the Group.

(Source: Management of SMTrack Group)

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5. RISK FACTORS

5.1 Risk relating to the Proposed Diversifications

The risk factors relevant to the Proposed Diversifications include the following:

(i) Diversification risk

The Proposed Diversifications would result in the diversification of the Group's Existing Businesses to include the property related businesses, O&G businesses and F&B businesses. The Group will be exposed to new challenges and risks arising from the new business ventures in which the Group have no prior experience or exposure in.

The Group seeks to mitigate the new business risks by, amongst others, engaging professionals with the relevant expertise (i.e. ESA International and PPESB) to carry out contracts jointly and leveraging on the competency of the existing management team of the acquired entity (i.e. the management team of AHAFB). In addition, SMTrack may also recruit internally other qualified personnel as well as engage professionals with relevant expertise and experiences to complement the existing management team when the need arises.

However, there can be no assurance that the Group's new business ventures will be successful.

(ii) Political, economic and regulatory risk

Any adverse developments in the political, economic, regulatory and social conditions in Malaysia as well as countries in which the Group operates, directly or indirectly, could materially and adversely affect the financials and prospects of the Group. These risks include, amongst others, risks of war, changes in political state, economic downturn and unfavourable changes in governmental policies such as methods of taxation, currency exchange rules or introduction of new regulations on property development, O&G, and F&B industry, which are generally beyond the management's control and affect all the players in the industry.

In mitigating such risks, the Group will constantly monitor the key developments in the political, economic and regulatory conditions mentioned above and continue to review its business strategies and engage professional adviser, if required, in response to the changes in political, economic and regulatory conditions.

5.2 Risk relating to the property related businesses

(i) Project risk

The property development segment is exposed to various risks which may cause delay in the commencement and completion of property development projects. Such risks include, but not limited to natural disasters, adverse weather conditions, delay in obtaining approvals/permits necessary for property development projects, shortage or unavailability of building materials and/or labour workforce, outbreaks of diseases or pandemics, as well as other unforeseen circumstances.

There is no assurance that the consents or approvals for the transfer of land will be obtained at all or in a timely manner, and that the land will be transferred successfully for the commencement of property development project. The non-commencement of the project or delay in the completion of project may affect the profitability of the Group as the project consultant. The Group will mitigate such risk by closely monitoring or supervising the progress of the land transfer. Once the property development project has commenced, the Group will also monitor its progress closely to ensure project milestones and deadlines are met.

(ii) Market risk

The property sector is highly dependent on demand and supply factors which are mainly affected by the prevailing economic condition, government regulations and competition from other property developers. There may be possibilities of property overhang at the time of completion of the Group's property development projects which would have an adverse impact on the Group's property related businesses.

The Group seeks to mitigate its risk by closely monitoring developments in the property market as well as careful planning prior to finalisation and/ or launching any property development projects. Having said that, the Group is still exposed to demand and supply factors that are beyond their control and which may have an adverse impact on the Group's financial performance.

5.3 Risk relating to the O&G businesses

(i) Fluctuation in crude oil prices

Crude oil prices have historically been highly volatile, especially since the beginning of the pandemic. This could have a direct impact on the levels of activity in the O&G industry. Prices for crude oil fluctuate due to various factors including, but not limited to the level of demand and supply of crude oil, cost pertaining to the exploration, development, production and delivery of crude oil, technological advances in exploration development and production, competition from alternative fuels, government policy, adverse global weather conditions, global political and economic conditions.

Any deterioration in the O&G industry which results in curtailment in activities could have an impact on the Group's proposed consultancy services business for the O&G industry. However, the impact would not be material as the Group is merely providing consultancy services for the O&G companies.

(ii) Laws and regulations

The O&G industry is subject to various laws and regulations administered by the relevant government authorities. The Group endeavors to comply with the applicable laws and regulations and apply for the relevant licenses, permits or approvals as and when these are required. Failure to comply with the laws and regulations may result in financial penalties, administrative or legal proceedings being taken, which could result in the termination of the business.

Nevertheless, the Group will strive to mitigate such risk by constantly monitoring the changing regulatory framework and the Group will adopt appropriate business strategy including applying for the relevant licenses, permits or approval to ensure compliance.

(iii) Availability of skilled personnel

The proposed consultancy services business in the O&G industry would require experienced personnel. Whilst the Group has plans to address its human resource requirements, there is no assurance that the Group would be able to hire the requisite personnel and at reasonable cost when required. Failure to do so could have material adverse impact on the Group's operation and financial position.

As such, the Group will strive to adopt proper measure to attract experienced and qualified personnel, including providing attractive pay package, requisite upskilling training, career development opportunities and other employment benefits. The Group will also make an effort to reduce its dependency on any key personnel by frequently reviewing its staff strength and policies (including succession planning), to ensure that it will be able to address its human resource risks effectively.

(iv) Competition risks

As a new entrant into the O&G industry, the Group faces competition from service providers which are more established and well known due to their longer operating history, greater capital resources, stronger relationships with clients or track records. The Group plans to actively participate in competitive biddings and negotiations to secure new contracts. However, there can be no assurance that these efforts will enable the Group to secure contracts amidst the competition. Failure to do so may have an adverse material impact on the Group's business, operations and financial condition.

5.4 Risk relating to the F&B businesses

(i) Competition risks

The foodservice market in Malaysia consists of establishments ranging from F&B chains to small independently owned restaurants. It is a highly fragmented industry and industry players compete to attract and retain customers by ensuring the food offerings are of quality, competitively priced and/or innovative as well as effectively and efficiently managing their operations.

Furthermore, some of these F&B establishments may be more reputable or have greater bargaining power than others, enabling them to seek and negotiate more suitable and strategic locations for their restaurants/outlets at competitive rates. This is important as visibility and accessibility as well as high foot traffic locations are contributing factors to the success of a particular F&B establishment. The aforementioned factors are key differentiators for industry players, and failure on any industry player's part to build on these differentiating factors as a competitive advantage for themselves could lead to losses in sales and a decline in customer loyalty to their establishments, and a subsequent loss in market share.

The F&B industry is generally competitive and consumers may shift their choices and preferences whenever new products are introduced by various marketing and pricing campaigns of different brands. In light of the competitive environment, the success lies on factors such as the ability of F&B operators to anticipate changes in consumer taste and preference, to adapt to latest trends as well as health awareness, and the ability to continue distinguishing their products from other competitors.

To mitigate the above risk, the Board may search for new brands and/ or products, should the opportunities arise and to expand its products mix, wherever possible. In addition, the Group will continue to keep abreast with the latest trends and consumer preferences so as to adapt to the changing environment.

(ii) Fluctuation in raw material price

The F&B business will be affected by the availability and price fluctuations of food ingredients. The prices of food ingredients may fluctuate due to various factors beyond control, such as increase in fertiliser prices, outbreak of diseases, droughts, floods, or other disruption on a significant scale. The F&B business is highly dependent on a sufficient supply of food ingredients that meet its price and quality requirements. A significant increase in the market price of food ingredients will have an effect on the margins if the business is unable to pass such increase in the price of food ingredients to its customers. A material shortage of food ingredients will affect the operations of the restaurants and its financial performance accordingly.

However, given that the food ingredients of Nasi Ahmad are common supplies in the market, there is flexibility for Nasi Ahmad to procure the required ingredients or to substitute with alternative ingredients from the wide availability of suppliers in Malaysia.

6. EFFECTS OF THE PROPOSED DIVERSIFICATIONS

6.1 Share capital and substantial shareholders' shareholding

The Proposed Diversifications will not have any effect on the share capital or the substantial shareholders' shareholding in the Company as it does not involve the issuance of new ordinary shares in SMTrack.

6.2 NA, NA per Share and gearing

The Proposed Diversifications will not have any effect on the NA and gearing of the Group.

Notwithstanding the above, the future NA and gearing of the Group will depend on the manner of funding for the expenditure required for the Proposed Diversifications as well as the future profit contribution arising from the Proposed Diversifications. Save for the RM500,000 which is the purchase price for the acquisition of AHAFB under the SSPA, the Group is unable to determine the exact expenditure required for the Proposed Diversifications at this juncture.

6.3 Earnings/Losses and EPS/LPS

The Proposed Diversifications are not expected to have any immediate effect on the Group's earnings/losses and EPS/LPS. However, the Board believes that the Proposed Diversifications will contribute positively to the Group's future earnings and EPS as the Group further develops its new business activities and secure more business projects in the future.

7. APPROVALS REQUIRED

The Proposed Diversifications are subject to the approval being obtained from:

- (i) the shareholders of SMTrack at an EGM to be convened; and
- (ii) any other relevant authorities and /or parties, if required.

8. CONDITIONALITY OF THE PROPOSED DIVERSIFICATIONS

The Proposed Diversifications are not inter-conditional upon each other.

The Proposed Diversifications are not conditional upon any other proposals undertaken or to be undertaken by SMTrack.

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

There are no other corporate exercises which have been announced by the Company that are pending completion as at the date of this Circular.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the directors and/ or major shareholders of SMTrack and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Diversifications.

In view that the Group's Proposed Diversification into Property Related Businesses may include transactions with MRPSB, Dato' Saiful and Azmi Bin Osman who are deemed interested in the Proposed Diversification into Property Related Businesses, have voluntarily abstained and will voluntarily abstain from all deliberations and voting at Board meeting(s) for the Proposed Diversification into Property Related Businesses.

As at the LPD, Dato' Saiful does not have any direct or indirect shareholdings in SMTrack while Azmi Bin Osman has a direct shareholding of 3.54% and does not have any indirect shareholding in SMTrack.

Dato' Saiful and Azmi Bin Osman will abstain from voting in respect of their direct and/or indirect shareholdings in SMTrack, on the relevant resolution pertaining to the Proposed Diversification into Property Related Businesses at the forthcoming EGM. They have also undertaken to ensure that any persons connected with them will abstain from voting in respect of their direct and indirect interest in SMTrack, if any, on the relevant resolution pertaining to the Proposed Diversification into Property Related Businesses at the forthcoming EGM.

11. DIRECTORS' STATEMENT/ RECOMMENDATION

The Board (save for Dato' Saiful and Azmi Bin Osman in relation to the Proposed Diversification into Property Related Businesses), having considered all aspects of the Proposed Diversifications, including but not limited to the rationale, risks and prospects associated with the Proposed Diversifications, is of the opinion that the Proposed Diversifications are in the best interest of the Company and its shareholders.

The Board (save for Dato' Saiful and Azmi Bin Osman in relation to the Proposed Diversification into Property Related Businesses) recommends that you vote in favour of the resolutions pertaining to the Proposed Diversifications to be tabled at the forthcoming EGM.

12. ESTIMATED TIMEFRAME FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approval being obtained, the Board expects the Proposed Diversifications to be completed in the 1st quarter of 2023. For shareholders' information purpose, the Proposed Diversifications shall take immediate effect upon obtaining the approval of the shareholders of the Company at the EGM.

13. EGM

The Notice of EGM together with the Administrative Guide are available on the Company's website at <http://smtrackberhad.my/>. The EGM will be held on a virtual basis and entirely through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online meeting platform at <https://meeting.boardroomlimited.my> on Friday, 3 February 2023 at 10.30 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolutions pertaining to the Proposed Diversifications.

If you are unable to participate at the EGM and wish to appoint proxy(ies) instead, the appointment of proxy(ies) may be made in a hard copy form and deposited with the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. Alternatively, you may deposit your Form(s) of Proxy by electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>.

The Form of Proxy must be received by the Company not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof at which the person named in the appointment proposes to vote.

The lodging of Form of Proxy does not preclude you from attending and voting in person should you subsequently decide to do so.

You are advised to refer to the Administrative Guide for the EGM on the registration and voting process for the EGM.

14. FURTHER INFORMATION

You are advised to refer to the Appendix V set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
SMTRACK BERHAD

Azmi Bin Osman
Deputy Executive Chairman

PART B

**LETTER TO SHAREHOLDERS OF THE
COMPANY IN RELATION TO THE PROPOSED
NEW SHAREHOLDERS' MANDATE**



SMTrack Berhad

(Registration No. 200401000918 (639421-X))
(Incorporated in Malaysia)

Registered Office:

Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan

18 January 2023

Board of Directors:

Dato' Sri Shaharuddin Bin Khalid (*Independent Non-Executive Chairman*)
Azmi Bin Osman (*Deputy Executive Chairman*)
Dato' Zaidi Bin Mat Isa @ Hashim (*Executive Director*)
Dato' Saiful Nizam Bin Mohd Yusoff (*Executive Director*)
Datuk Wira Justin Lim Hwa Tat (*Executive Director, President*)
Datuk Seri Tan Choon Hwa (*Non-Independent Non-Executive Director, Vice President*)
Mahnorizal Bin Mahat (*Senior Independent Non-Executive Director*)
Mr. Chua Ser Terk (*Independent Non-Executive Director*)
Mr. Cheah Ben Lee (*Independent Non-Executive Director*)
Lam Hwan Chui (*Independent Non-Executive Director*)

To: The shareholders of SMTrack

Dear Sir/ Madam,

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

1. INTRODUCTION

On 28 October 2022, the Company announced that it is proposing to seek the approval of its shareholders for the Proposed New Shareholders' Mandate at the forthcoming EGM.

The purpose of this Circular is to provide the shareholders of the Company with the relevant information on the Proposed New Shareholders' Mandate and to seek your approval for the Proposed New Shareholders' Mandate to be tabled at the forthcoming EGM. The Notice of the EGM and Form of Proxy are set out in this Circular.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF PART B OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION IN RELATION TO THE PROPOSED NEW SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING EGM.

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2. DETAILS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

2.1 Listing Requirements

Pursuant to Rule 10.09(2) of the Listing Requirements, the Company may seek a shareholders' mandate for the RRPT(s) subject to the following: -

- (i) The transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed corporation with a share capital of RM60.0 million and above: -
 - (a) the consideration, value of assets, capital outlay or costs of the RRPT is RM1 million or more; or
 - (b) the percentage ratio of such RRPT is 1% or more,whichever is higher,
- (iii) the Company's circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities. The circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders and or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that the persons connected with him abstain from voting on the resolution approving the RRPT; and
- (v) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in this Circular to shareholders by 10% or more, and the announcement must include the information as may be prescribed by Bursa Securities.

It is envisaged that in the normal course of the Group's businesses, RRPT between the Group and the Related Parties which are necessary for the Group's day-to-day operations, are likely to occur.

Accordingly, the Company proposes to seek the approval for the Proposed New Shareholders' Mandate from its shareholders at the forthcoming EGM for the Group to enter into the RRPT in which certain directors, major shareholders and/or person connected with them have an interest, details of which are set out in Sections 2.3 and 2.4 of Part B of this Circular.

2.2 Shareholders' mandate for RRPT

The Company is principally engaged in the design, deployment and distribution of radio frequency identity tags and other tagging solutions using information technology broadband networks and the provision of training, maintenance and related consultancy services as well as commercial air transport operations.

As at the LPD, the principal activities of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Subsidiaries	Effective equity interest (%)	Principal activities
Smart Marine Tech Sdn Bhd	100	Research and development on ICT and supply of ICT equipment
SMTT	100	Drone operator
SMT Drones Tech Sdn Bhd	90	Dormant
Asia Cargo Wings Sdn Bhd	60	Commercial air transport operators
SMT Foods & Beverages Sdn Bhd	100	Food and beverage
<u>Subsidiary of SMT Foods & Beverages Sdn Bhd</u>		
AHA Food & Beverage Sdn Bhd	60	Food and beverage

The Company had on 28 October 2022 announced its proposed diversification into property related businesses which includes property management and property development. On 23 June 2022, the Property Consultancy Agreement has been entered into between SMTT and MRPSB whereby SMTT will act as a project management consultant to assist MRPSB in performing services in relation to the Project. The estimated gross development cost of the Project is approximately RM800 million while the estimated gross development value and gross development profit are approximately RM1200 million and RM400 million respectively.

The Project, comprises a development of a land located at Flat PKNS, Jalan Tun Razak, Kampung Baru, 50400 Kuala Lumpur and measuring approximately 3.663 acres. The Project is expected to commence in the 3rd quarter of 2023 upon the land being transferred and registered under the name of MRPSB as the land is currently jointly owned by the following parties:

- (i) Owners of two hundred and fifty-two (252) stratified units of flat which are owned by individuals or entities who are registered or beneficial owners;
- (ii) Dewan Bandaraya Kuala Lumpur; and
- (iii) Majlis Agama Islam Wilayah Persekutuan.

For the land to be transferred, MRPSB is required to amongst others, obtain the approvals from the existing owners stated above and comply to all the requirements and conditions set by the relevant authorities in order to give effect to the transfer of the land.

It is anticipated that SMTrack Group would, in the ordinary course of business, transact and/or may from time to time enter into the RRPT for the above Project, which are necessary for its day-to-day operations as set out in Section 2.4 of Part B of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board is seeking your mandate which will allow the SMTrack Group to enter into the RRPT with the Related Party set out in Section 2.3 of Part B of this Circular provided that the transactions are:

- (i) conducted on at arm's length basis;
- (ii) conducted on the Group's normal commercial terms;
- (iii) on terms not more favourable to the Related Party than those generally available to the public; and
- (iv) not to the detriment of the minority shareholders of the Company.

The RRPT will also be subject to the review methods or procedures set out in Section 2.7 of Part B of this Circular.

Disclosure will be made in the annual report of the Company of the aggregate value of transactions conducted pursuant to the Proposed New Shareholders' Mandate during the financial year based on the type of the recurrent transactions made, the names of the Related Parties involved in each type of the recurrent transactions made and their relationships with the Company.

2.3 Classes of Related Parties

The Proposed New Shareholders' Mandate will apply to the following Related Party, details of which are set out below:

Transacting party within the Group	Transacting Related Party	Principal activities of Related Party	Nature of relationship between the Group and the Related Party
SMTT	MRPSB	Private securities business	<p>(1) Interested Directors</p> <p>(a) Dato' Saiful is an Executive Director in SMTrack. He is also a director of MRPSB and MRSB. Moreover, he is the Executive Director and President of Jiankun. Jiankun and MRSB are the shareholders of MRPSB with shareholding of 70% and 30% respectively.</p> <p>He is also a shareholder of MRSB and Jiankun.</p> <p>(b) Azmi Bin Osman is the Deputy Executive Chairman in SMTrack and also a director in SMTT. He is also the Non-Independent and Non-Executive Director of Jiankun.</p> <p>(2) Person connected to the Interested Director</p> <p>Muhammad Akmal is the director of MRPSB and MRSB, and the shareholder of MRSB. He is the son of Dato' Saiful.</p>

2.4 Nature of the RRPT and estimated value

The details of the RRPT and the estimated value for which approval is sought at the forthcoming EGM of the Company pursuant to the Proposed New Shareholders' Mandate are set out below:

Transacting party within the Group	Transacting Related Party	Nature of Transactions	Actual value transacted from the date of the first transaction up to LPD ⁽²⁾	Estimated value of the transaction(s) from the LPD to the date of the forthcoming EGM ⁽²⁾	Estimated value from the date of the forthcoming EGM to the next AGM
SMTT	MRPSB	<p>Provision of project management consultancy services to MRPSB in relation to the Project⁽¹⁾ for a total fee of equivalent to ten percent (10%) of the estimated gross development cost for the Project.</p> <p>The fee shall be paid to SMTrack via 5 tranches. The details of the payment terms are set out in Appendix I.</p>	-	-	up to RM200,000 ⁽³⁾

Notes:

- (1) *The details of the Project are provided in Section 2.2 of Part B of this Circular and the salient terms of the Property Consultancy Agreement in relation to the Project including the scope of work are set out in Appendix I of this Circular.*
- (2) *The percentage ratio (as defined under Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad) for the transaction(s) from the date of first transaction up to the date of the forthcoming EGM is less than 5% and hence, no shareholders' approval is required.*
- (3) *The estimated value is provided by the management based on the information available at the time of decision making and on the assumption that the land has been transferred and registered under the name of MRPSB by 3rd quarter of 2023. The estimated value may vary and subject to changes.*

2.5 The threshold of approval of RRPT

There is no specific threshold for approval of the RRPT to be entered into by the SMTrack Group with the Related Party. However, all RRPT are subject to the approval of the Board. Where necessary, the Audit Committee and the Board will review the need to impose a threshold for approval of the RRPT, based on market practice and at the same time protecting the interests of the minority shareholders.

2.6 Amount due and owing by Related Parties

There is no amount due and owing from the Related Party pursuant to the RRPT described in Section 2.4 of Part B of this Circular as the Project has not commence. The Board will monitor the payments from the Related Party accordingly.

2.7 Review methods or procedures for RRPT

SMTrack Group has established various procedures to ensure that RRPT are undertaken at arm's length basis and on normal commercial terms which are consistent with SMTrack Group's normal business practices and policies, on transaction prices and terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.

The review and disclosure procedures with regard to the RRPT are as follows:-

- (i) All companies within SMTrack Group will be notified of the Related Party with whom SMTrack Group may transact in accordance with the shareholders' mandate. The relevant personnel or division head will be required, prior to entering into such transactions, to ensure that all RRPT are transacted on terms which are consistent with SMTrack Group's normal business practices and policies, are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders;
- (ii) Records will be maintained by SMTrack Group to capture all the RRPT which are entered into pursuant to the shareholders' mandate for monitoring purposes;
- (iii) The Audit Committee and the Board shall ensure that the internal audit function of the Group incorporates the review of the guidelines and procedures for monitoring of RRPT into the Group's internal audit plans. Annual review of the said guidelines and procedures will also be carried out to ascertain that the guidelines and procedures established to monitor the RRPT have been complied with and are adequate;
- (iv) The Audit Committee and the Board shall have the overall responsibility for the determination of the review procedures including addition of new review procedures, where applicable. The Audit Committee and the Board may also appoint individuals and committees within the SMTrack Group to examine the RRPT, as they may deem appropriate. If a member of the Audit Committee or the Board has an interest in a particular transaction, he or she will abstain from any deliberation and decision-making by the Board and/or the Audit Committee in respect of the said transaction; and
- (v) Disclosure will be made in the annual report of the aggregate value of the RRPT conducted pursuant to the shareholders' mandate during the financial year in accordance with the requirements prescribed by Bursa Securities.

Where practical and/or feasible, at least 2 other contemporaneous transactions with unrelated third parties for similar products and/or quantities will be used as comparison for determining the price and terms offered to/ by the Related Party are fair and reasonable and comparable to those offered to/ by unrelated third parties for the same or substantially similar type of products/ services and/ or quantities. In the event that the quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined based on the Group's usual business practice, and at rates not more favourable to the Related Parties than those generally available to the public, to ensure that the RRPT are not detrimental to SMTrack Group.

2.8 Audit Committee's statement

The Audit Committee of SMTrack is of the view that the existing guidelines and review procedures for the RRPT are sufficient to ensure that such transactions will be carried out at arm's length, on normal commercial terms which are not prejudicial to the interests of minority shareholders of the Company, on terms no more favourable to the Related Party than those generally available to the public and on terms not to the detriment of minority shareholders.

In addition, the Audit Committee is of the opinion that SMTrack has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee's review of the RRPT's procedures and processes will be conducted periodically, or such frequency as the Audit Committee considers appropriate having regard to the value and the frequency of the related party transactions.

3. RATIONALE AND BENEFITS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

The RRPT set out in Section 2.4 of Part B of this Circular are in the ordinary course of business and intended to meet the business needs of the Group on the best possible terms and represent sound business decisions which are taken for legitimate and bona fide business purposes which will enhance the Group's ability to explore beneficial business opportunities within the Group.

The Proposed New Shareholders' Mandate, if approved by the shareholders, will eliminate the need to make announcements to Bursa Securities or to convene separate general meetings from time to time to seek shareholders' approval as and when RRPT with the specified classes of Related Party arise. This will reduce substantially the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow manpower resources and time to be focused on attaining the Group's corporate objectives and business opportunities.

The Proposed New Shareholders' Mandate, is intended to facilitate transactions entered into in the ordinary course of business of the Group which are transacted from time to time with the Related Party at arm's length, on the Group's normal commercial terms which are not more favourable to the Related Party than those generally available to the public and are not detrimental to the minority shareholders of the Company.

4. EFFECTS OF THE PROPOSED NEW SHAREHOLDERS' MANDATE

4.1 Share capital and substantial shareholders' shareholding

The Proposed New Shareholders' Mandate will not have any effect on the Company's issued share capital and the shareholdings of the substantial shareholders as it does not involve any issuance of new shares in the Company.

4.2 NA and gearing

Barring any unforeseen circumstances, the Proposed New Shareholders' Mandate is not expected to have any material effect on the net assets and gearing of the Group for the financial year ending 31 December 2023.

4.3 Earnings and EPS

The Proposed New Shareholders' Mandate is not expected to have any material effect on the earnings and EPS of the Group for the financial year ending 31 December 2023.

4.4 Convertible securities

As at the LPD, the Company does not have any convertible securities.

5. APPROVALS REQUIRED

The Proposed New Shareholders' Mandate is subject to the approval of the shareholders of SMTrack at the forthcoming EGM.

The Proposed New Shareholders' Mandate is conditional upon the Proposed Diversification into Property Related Businesses in Part A of this Circular, but not vice versa. Save as disclosed above, the Proposed New Shareholders' Mandate is not conditional upon any other corporate exercises/schemes or proposals undertaken or to be undertaken by SMTrack.

6. VALIDITY PERIOD FOR THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Proposed New Shareholders' Mandate, if approved by the shareholders at the forthcoming EGM, shall take effect from the date of passing of the ordinary resolution(s) at the forthcoming EGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the forthcoming EGM, at which such ordinary resolution for the Proposed New Shareholders' Mandate was passed, at which time it shall lapse, unless by an ordinary resolution passed at next AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

Thereafter, if the Board decides that further renewal of such shareholders' mandate is required, shareholders' approval for the further renewal will be sought at each subsequent AGM of the Company.

7. INTEREST OF DIRECTOR(S), MAJOR SHAREHOLDER(S) AND/OR PERSON(S) CONNECTED

Save as disclosed below, none of the directors and/ or major shareholders of SMTrack and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed New Shareholders' Mandate.

Dato' Saiful and Azmi Bin Osman, who are the interested directors and Muhammad Akmal, a person connected to Dato' Saiful by virtue of him being the son of Dato' Saiful, are all deemed interested in the Proposed New Shareholders' Mandate. Dato' Saiful and Azmi Bin Osman have and will continue to abstain from Board's deliberations and voting at all the Board meetings of the Company on the RRPT under the Proposed New Shareholders' Mandate.

As at the LPD, both Dato' Saiful and Muhammad Akmal do not have any direct or indirect shareholdings in SMTrack. As at the LPD, Azmi Bin Osman has a direct shareholding of 3.54% and does not have any indirect shareholding in SMTrack.

Notwithstanding that, Dato' Saiful and Azmi Bin Osman have undertaken to abstain and to ensure that any persons connected with them (including Muhammad Akmal) will abstain from voting in respect of their direct and indirect interest in SMTrack, if any, on the ordinary resolution pertaining to the Proposed New Shareholders' Mandate at the forthcoming EGM.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

Save for Dato' Saiful and Azmi Bin Osman, our Board having considered all aspects of the Proposed New Shareholders' Mandate, is of the opinion that the Proposed New Shareholders' Mandate is in the best interest of the Company and recommend that you vote in favour of the resolution pertaining to the Proposed New Shareholders' Mandate to be tabled at the forthcoming EGM.

9. EGM

The Notice of EGM together with the Administrative Guide are available on the Company's website at <http://smtrackberhad.my/>. The EGM will be held on a virtual basis and entirely through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online meeting platform at <https://meeting.boardroomlimited.my> on Friday, 3 February 2023 at 10.30 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolutions pertaining to the Proposed New Shareholders' Mandate.

If you are unable to participate at the EGM and wish to appoint proxy(ies) instead, the appointment of proxy(ies) may be made in a hard copy form and deposited with the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. Alternatively, you may deposit your Form(s) of Proxy by electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>.

The Form of Proxy must be received by the Company not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof at which the person named in the appointment proposes to vote.

The lodging of Form of Proxy does not preclude you from attending and voting in person should you subsequently decide to do so.

You are advised to refer to the Administrative Guide for the EGM on the registration and voting process for the EGM.

10. FURTHER INFORMATION

You are advised to refer to the attached Appendix V for further information.

Yours faithfully
for and on behalf of the Board of Directors of
SMTRACK BERHAD

AZMI BIN OSMAN
Deputy Executive Chairman

SALIENT TERMS OF THE PROPERTY CONSULTANCY AGREEMENT

The salient terms of the Property Consultancy Agreement are as follows:

1. Services

- (a) MRPSB hereby agrees to appoint SMTT as its project management consultant to render their services, based on the scope of work set out below for the duration of the Term (as defined in Section 7 of this Appendix):
- (i) To manage the Project and to ensure that the Project is carried out within the given reasonable time, quality and budget;
 - (ii) To provide updates to MRPSB regularly;
 - (iii) To conduct periodic reviews to ensure that the project work is on track;
 - (iv) To coordinate the following various functional activities from within and outside the project teams including but not limited to:-
 - (aa) coordinating site visits with the relevant contractors, sub-contractors, architects, engineers and consultants;
 - (bb) prepare progress reports in relation to the Project;
 - (cc) managing and coordinating with various service providers and professionals including the quantity surveyor, architects and engineers; and
 - (dd) coordinating with various marketing consultants and property agents in respect of the sale, launching and promotional activities for the Project.
 - (v) To allocate various activities among relevant team members for the completion of project work within the stipulated time period;
 - (vi) To plan and forecast the following various activities relating to the Project:-
 - (aa) planning and budgeting of construction and material costs;
 - (bb) planning budgets relating to engineering costs including mechanical and electrical engineering costs;
 - (cc) liaise and assists market surveyors and valuers in forecasting and determining property launch prices;
 - (dd) planning and liaise with relevant consultants in relation to market survey; and
 - (ee) planning and liaise with relevant consultants in budgeting sales and marketing costs.
 - (vii) To organise different activities relating to the Project including provision of consultancy work relating to all planning, budgeting, forecasting, sales and marketing for the Project and all administrative matters relating thereto;
 - (viii) To command and coordinate relevant team members of the Project;
 - (ix) To monitor different processes which are involved in the construction of the Project;
 - (x) To recommend the most appropriate party to be employed for a particular job; and
 - (xi) To manage manpower for different works under the Project including but not limited to the recruitment of personnel and employees' timesheet management.

(Collectively, referred to as "**Services**")

- (b) SMTT shall be deemed to have completed the Services in accordance with the Property Consultancy Agreement to the satisfaction of MRPSB upon the date of completion of all the Services which shall fall on the date where 90% of the total Commercial Units (as defined in the Property Consultancy Agreement) are sold to the purchasers by way of execution of sale and purchase agreements by the said purchasers and the certificate of completion and compliance for each of the Commercial Tower 1, Commercial Tower 2, and Commercial Tower 3 (as defined in the Property Consultancy Agreement) for the said Project have been duly issued ("**Completion Date**").

SALIENT TERMS OF THE PROPERTY CONSULTANCY AGREEMENT (CONT'D)

- (c) Notwithstanding the date of the Property Consultancy Agreement, the parties agree that SMTT shall only be required to perform the Services commencing from the date of written confirmation from MRPSB that the Commercial Land (as defined in the Property Consultancy Agreement) ("**Commercial Land**") has been transferred and registered in the name of MRPSB ("**Services Commencement Date**"). In this regard, SMTT agrees and undertakes that MRPSB shall not incur any fee, cost or expense in connection with the Services prior to the Services Commencement Date.

2. Consultancy Fees

RM80,000,000 ("**Consultancy Fee**")

3. Payment Terms

- (a) Interest free deposit of RM2,400,000⁽¹⁾ ("**Deposit**") is to be remitted by SMTT or its behalf to MRPSB. The Deposit shall be required to be maintained throughout the term of the Property Consultancy Agreement unless otherwise decided by MRPSB at its discretion. The Deposit will be refunded to SMTT or its nominee:-

- (i) after the Completion Date; or
- (ii) if the relevant authority suspends the Project, indefinitely or awards the Project to a party other than MRPSB,

whichever is earlier, provided that there has been no breach of any terms of the Property Consultancy Agreement by SMTT.

Note:

- (1) *The Deposit has been paid upon the execution of the Property Consultancy Agreement, and the funds to pay the Deposit was raised from the Group's internally generated funds. In the event where there is a breach by SMTT, the refund of the Deposit will be subject to mutual agreement between the parties and where an agreement could not be reached, the matter shall be resolved through court action.*

- (b) Payment of the Consultancy Fee is to be made in accordance with the following milestone:

No.	Agreed Milestones	Consultancy Fee Due and Payable
1.	Within 14 business days from the date the Commercial Land being transferred and registered in the name of MRPSB	3% of the Consultancy Fee
2.	Within 14 business days from the date MRPSB obtaining a loan and the first loan drawdown is made from a financier to fund the Project	7% of the Consultancy Fee
3.	Within 14 business days from the date 30% of the total commercial units are sold to purchasers by way of execution of sale and purchase agreement by the said purchasers	30% of the Consultancy Fee
4.	Within fourteen (14) business days from the date 90% of the total commercial units are sold to purchasers by way of execution of sale and purchase agreement by the said purchasers	50% of the Consultancy Fee

SALIENT TERMS OF THE PROPERTY CONSULTANCY AGREEMENT (CONT'D)

No.	Agreed Milestones	Consultancy Fee Due and Payable
5.	Within 14 business days from the Completion Date	10% of the Consultancy Fee

- (c) Notwithstanding anything in the Property Consultancy Agreement, and in addition and without prejudice to the rights and remedies of SMTT under the Property Consultancy Agreement and/or at law:-
- (i) SMTT shall have the right in its sole and absolute discretion to suspend the performance of its obligations (or any part thereof) or refuse to carry out any Services under the Property Consultancy Agreement with no liability whatsoever to SMTT ("**Suspension**") in the event MRPSB fails, neglects or refuses for whatever reason to fully pay and/or settle any invoices submitted to MRPSB by SMTT or if there is any outstanding amount due and owing to SMTT under any invoice; and
 - (ii) SMTT may lift any Suspension at any time PROVIDED ALWAYS that the MRPSB has first fully paid and settled any such invoices or any outstanding amounts.
- (d) A failure to settle any invoice is a material breach under the Property Consultancy Agreement.

4. Default and Termination

An event of default ("**Event of Default**") occurs with respect of a party ("**Defaulting Party**") to the other Party ("**Non-Defaulting Party**") if the Defaulting Party:-

- (a) Fails, omits, refuses, suspends and/or neglects performance of all or any of its obligations under the Property Consultancy Agreement or is in breach of any of its obligations, covenants, representations or warranties under the Property Consultancy Agreement, and such breach has not been remedied to the satisfaction of the Non-Defaulting Party within sixty days after the service of the written notice to that effect by the Non-Defaulting Party;
- (b) Becomes insolvent or is involved in winding-up or involved in bankruptcy proceedings or is declared to be wound up or to be a bankrupt or commits any act of bankruptcy (other than where contested in good faith and steps are taken to take aside such proceedings within thirty days from the date a party first receives notice of the same);
- (c) Is unable to pay its debts as and when they fall due or stops or threatens to stop payment of its debts (excluding trade debts or those debtors which are disputed in good faith);
- (d) A petition is presented or an order is made for the winding up or liquidation of the Defaulting Party;
- (e) Makes an assignment for the benefit of creditors or enters into any composition or other arrangement with its creditors;
- (f) Has a receiver, manager, trustee or similar official appointed in respect of the whole or any material part of its assets or undertaking; or
- (g) In case of SMTT, there has been a material change in ownership or control of without the prior written consent of MRPSB. For the purpose of this sub-section, "**material**" shall mean 1 or more of the following:
 - (i) ownership or control (whether directly or indirectly) of more than 20% of the voting share capital of the relevant entity;

SALIENT TERMS OF THE PROPERTY CONSULTANCY AGREEMENT (CONT'D)

- (ii) ability to direct the casting of more than 20% of the votes exercisable at general meetings of the relevant entity on all, or substantially all matters; and/ or
- (iii) right to appoint or remove directors of the relevant entity holding a majority of the voting rights at meetings of the board on all, or substantially all matters.

Upon the occurrence of an Event of Default, the Non-Defaulting Party may in its sole discretion and in addition to any other remedies it may have under the law or under the Property Consultancy Agreement, exercise its rights to terminate the Property Consultancy Agreement with immediate effect.

5. Governing Law

The Property Consultancy Agreement shall be governed by and construed in accordance with the laws of Malaysia.

6. Dispute Resolution

Any dispute of claim arising out of or relating to the Property Consultancy Agreement may be referred for arbitration at the Asian International Arbitration Centre (Malaysia) via a written notice and shall be resolved by an arbitrator and conducted in English language. The applicable law governing the procedure and administration of ant arbitration instituted shall be the laws of Malaysia and the seat and place of arbitration shall be Kuala Lumpur, Malaysia. Any arbitral award made shall be final and binding on the parties to the dispute. The provisions of this sub-clause shall not preclude a party from claiming interim, specific or equitable remedies whereby Malaysian courts shall have exclusive jurisdiction on such matters.

7. Term

The Property Consultancy Agreement shall be effective from the date of the Property Consultancy Agreement and shall continue until the Completion Date and shall be automatically terminated upon expiry.

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SALIENT TERMS OF THE O&G CONSULTANCY AGREEMENT

The salient items of the O&G Consultancy Agreement are as follows:

The purpose of the O&G Consultancy Agreement is to appoint SMTT as the project management consultant of 8SC for the administrative consultation for petroleum oil & gas safety product purchase process or any traceability solutions compatible with the system to its targeted end users.

1. Commencement Date

The O&G Consultancy Agreement shall take effect from the date of the O&G Consultancy Agreement subject to the fulfilment of Section 4 hereunder.

2. Term

There is no timeframe in respect of the completion / term of the O&G Consultancy Agreement as it is a continuous collaboration between 8SC and SMTT.

3. Profit Sharing

There will be a profit sharing to SMTT and/or its nominee of 5% to 10% of the profit generated from the total project value.

Note:

The payment of the profit sharing shall be done on a staggered basis and the frequency of payment will be decided separately for each project. The profit sharing will be calculated based on unaudited profit after tax.

4. Payment Terms

Upon execution of the O&G Consultancy Agreement, SMTT shall submit to 8SC a refundable security deposit ("**Security Deposit**") for the amount equivalent to RM250,000⁽¹⁾ ("**Security Deposit Amount**") prior to the commencement of the services which includes a bank guarantee in favour of this project at an amount equivalent to RM104,664 in such form that is acceptable to 8SC ("**Bank Guarantee**") duly issued by a licensed bank in Malaysia and a working capital of RM145,336⁽²⁾ in such form that is acceptable to 8SC.

The refundable security deposit shall be returned upon project completion or until such time be wound up and/or cease to exist⁽³⁾ and/or termination of the O&G Consultancy Agreement.

Note:

- (1) *SMTT may be required to provide additional security deposit depending on the value of the contracts secured by 8SC subsequently. However, SMTT and 8SC are not able to quantify the additional security deposit at this juncture and is subject to the terms of the contracts to be secured.*
- (2) *The amount of RM145,336, which is part of the Security Deposit, is generated via the Group's internally generated funds.*
- (3) *For the avoidance of doubt, this is applicable to both parties of the O&G Consultancy Agreement. In the event where either of the said parties is wound up and/ or cease to exist, the Security Deposit shall be refunded to SMTT.*

5. First Right of Refusal

The other party shall have the first right of refusal in the event one of the party and/or nominee wishes to exit their function in the O&G Consultancy Agreement⁽¹⁾.

SALIENT TERMS OF THE O&G CONSULTANCY AGREEMENT (CONT'D)

Note:

- (1) *Where one party and/or nominee wishes to exit their function in the project management at any time during the subsistence of the O&G Consultancy Agreement, it shall first offer the continuation of the undertaking of the same to the non-exiting party before it could offer to other third parties. In the event that the non-exiting party refuses to take over or accept the undertaking, the exiting party may then make such an offer to third party, subject to further arrangements as agreed between the relevant parties (which shall include the non-exiting party) so as to enable the said third party in assuming and taking over the exiting party's function, being its roles and responsibilities under the O&G Consultancy Agreement.*

For the avoidance of doubt, the undertaking shall refer to the execution of such duties and responsibilities of the exiting party as set out in the O&G Consultancy Agreement.

6. Termination in the event of default

If either party shall:-

- (a) consistently fail to perform their obligations under the O&G Consultancy Agreement within thirty (30) days from the service of any written notice by any other party hereto complaining of such breach;
- (b) fail to take all necessary action to remedy any material and/or persistent breach of this O&G Consultancy Agreement within thirty (30) days from the service of any written notice by any other party hereto complaining of such breach;
- (c) have made any material misrepresentation or untrue warranty to induce the other party to enter into the O&G Consultancy Agreement; or
- (d) cease or threaten to cease to carry on the whole or any substantial part of its business other than in the course of reconstruction or amalgamation;

then in any such event the other party may by written notice forthwith determine the O&G Consultancy Agreement but without prejudice to any right of either party to sue for any antecedent breach of the O&G Consultancy Agreement by the other.

Any termination of the O&G Consultancy Agreement shall be without prejudice to any other rights or remedies which the parties may be entitled to hereunder or at law, whether for any antecedent breaches of the O&G Consultancy Agreement or otherwise, and shall not affect any accrued rights or liabilities of either party nor the coming into or continuance in force of any provision hereof which is expressly or by implication intended to come into, or continue in force on or after such termination.

7. Roles and Responsibilities

8SC undertakes and/or represents and/or warrants that:-

- (a) It has all necessary rights, technical and/or beneficial interests to enter into the O&G Consultancy Agreement;
- (b) It has all necessary rights, technical and/or beneficial interests to use, further research and develop and negotiations and facilitating any agreements or similar documents with appropriate authorities respecting in liaison with any authorities, private bodies, contractors, off-takers, strategic partners and all related agencies;
- (c) It shall be the responsible party of this project in management and the technical aspect of the dealing for technical solution and petroleum oil & gas industry safety product purchase process or any traceability solutions compatible with the system to its targeted end users;

SALIENT TERMS OF THE O&G CONSULTANCY AGREEMENT (CONT'D)

- (d) The project is to promote and manage the technical aspect, technical solution and petroleum oil & gas industry safety equipment product purchase process or any traceability solutions compatible with the system to its targeted end users; and
- (e) It shall perform the full technical aspect, technical solution and petroleum oil & gas industry safety equipment product purchase process or any traceability solutions compatible with the system to its targeted end users at the agreed charges from the date of processing of any of the tenders in relation to the petroleum oil & gas safety equipment sale and purchase process.

SMTT undertakes and/or represents and/or warrants that:-

- (a) SMTT undertakes and/or agree that it shall provide administration management support to this project agreement, for the operations of this project and for the benefit of the collaboration;
- (b) SMTT shall oversee the daily administrative management of this project collaboration; and
- (c) The intellectual property of 8SC's existing petroleum oil & gas safety equipment's sale process and technical solution or any traceability solutions which are compatible with the system of its targeted end users shall be registered and belongs to 8SC.

8. Governing Law

The O&G Consultancy Agreement shall be governed by and construed in accordance with the laws of Malaysia.

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SALIENT TERMS OF THE SSPA

The salient terms of the SSPA are as follows:

The purpose of the SSPA is in relation to the acquisition 60 shares constituting sixty percent (60%) of the issued and paid-up capital of AHAFB by SMTFB through the Vendor.

1. Effective Date

The SSPA shall take effect on 25 October 2022 irrespective of the diverse dates upon which the respective parties may have executed the SSPA.

2. Conditions Precedent

The obligations of the parties under the SSPA are in all respects conditional upon the following being fulfilled by a date falling 30 days from the date of the SSPA, or such other date as may be agreed by the parties as the last date by which the conditions precedent must be fulfilled ("**CP Cut-Off Date**"):-

To be applied and obtained and fulfilled by the Vendor:-

- (a) all necessary consents, waivers or approvals for the sale and purchase of the sale shares contemplated in the SSPA from the creditors and/or financiers of AHAFB and any other person (if necessary); and
- (b) the approval, ruling, consent of or notification to or registration with any other relevant authority for the sale and purchase of the sale shares or which may be required to implement and complete the sale and purchase of the sale shares contemplated in the SSPA (if necessary).

To be fulfilled by SMTFB:-

- (a) completion of the due diligence review as confirmed by SMTFB.

3. Waiver

SMTFB may (to the extent permitted by law), at its absolute discretion waive the fulfilment of any of the conditions precedent, and upon a waiver from SMTFB, such condition precedent shall be deemed to be fulfilled for the purpose of the SSPA.

4. Conditions Precedent not satisfied

If any of the conditions precedent are not satisfied or not waived by SMTFB by the CP Cut-Off Date (not due to a default of any party), then SMTFB will be entitled to issue a notice of termination to the Vendor and, subject to the SSPA and the performance by the parties of their respective obligations upon termination, no party shall have any claim against the other party save in respect of any antecedent breach.

5. Unconditional date

The SSPA will become unconditional on the day upon which the last of the conditions precedent is fulfilled or waived in accordance with the provisions of the SSPA and the unconditional date shall be the date of the written notice given by the party (whose responsibility it is to satisfy such condition precedent) to the other party notifying the latter of the satisfaction of the condition precedent or the date of the written notice given by the relevant party informing the other party of the waiver of the condition precedent, as the case may be.

SALIENT TERMS OF THE SSPA (CONT'D)**6. Treatment of the Purchase Price**

If any of the conditions precedent is not fulfilled by the CP Cut-Off Date not due to the fault of SMTFB or if the results of the due diligence review is not satisfactory to SMTFB, at the sole option and discretion of SMTFB, SMTFB shall require and the Vendor shall return to SMTFB, RM500,000 ("**Purchase Price**") in full in accordance immediately and SMTFB shall be entitled to terminate the SSPA.

Without prejudice to any other rights and remedies of SMTFB under the SSPA and at law, if the SSPA becomes unconditional but the Vendor refuses to complete the sale and purchase of the Sale Shares, SMTFB shall have the right to:-

- (a) terminate the SSPA and the refund of the Purchase Price and all monies paid by SMTFB shall become immediately due and payable; or
- (b) elect to seek specific performance against the Vendor in which case the parties hereby acknowledge that damages shall be deemed to be inadequate in compensating SMTFB's losses.

7. Profit Guarantee and SMTFB's Entitlement

- (a) The Vendor agrees, warrant and undertake that AHAFB shall make a net profit after all interest and taxes of no less than RM60,000⁽¹⁾ per month ("**Profit Guarantee**") commencing from 1 September 2022 and SMTFB shall be entitled to 60% of such Profit Guarantee which shall be equivalent to no less than RM36,000 per month for as long as SMTFB is a shareholder of AHAFB ("**SMTFB's Entitlement**"). The SMTFB's Entitlement shall be in addition to any dividends declared by AHAFB to its shareholders.
- (b) The Vendor agrees to procure AHAFB to pay the SMTFB's Entitlement on a quarterly basis or any period as may be agreed by the parties, failing which is a material breach of the SSPA.
- (c) Failure of to achieve the Profit Guarantee and payment of the Profit Guarantee and SMTFB's Entitlement on a timely basis shall be a material breach of the SSPA.
- (d) The SSPA shall survive the completion of the SSPA until such time SMTFB is no longer a shareholder of any shares in AHAFB or has no interest or rights whether legal or beneficial over AHAFB.

Note:

- (1) *The amount of RM60,000, which is the Profit Guarantee, is based on the unaudited monthly management account.*

8. Termination

- (a) The SSPA will continue to remain in full force and effect unless terminated pursuant to the provisions in the SSPA.
- (b) SMTFB may, at any time up to and on the Completion Date or the extended Completion Date, as the case may be, give a Notice of Termination (as defined in the SSPA) ("**Notice of Termination**") to the Vendor to terminate the SSPA in the event where, amongst others, the Vendor is otherwise in breach of any other terms and conditions of the SSPA including but not limited to the non-fulfilment of the Profit Guarantee, which if rectifiable and is not rectified by the Vendor within 14 days of the receipt of the notice by SMTFB requiring the breach to be rectified.

SALIENT TERMS OF THE SSPA (CONT'D)

For the avoidance of doubt, 'Completion Date' shall mean the business day falling no later than 3 business days after the date upon which the SSPA becomes unconditional or such other date as may be agreed by the parties upon which the completion of the sale and purchase of the sale share is to take place.

8.1 Consequences of termination

Within 7 days of a Notice of Termination being duly given:

- (a) SMTFB shall return all documents to the Vendor against payment by the Vendor to SMTFB under this Section 8.1(c), if any, delivered to it by or on behalf of the Vendor;
- (b) The Vendor shall return all documents to SMTFB, if any, delivered to it by or on behalf of SMTFB; and
- (c) Without prejudice to any other rights of the Purchaser under the SSPA, in the case of termination under the provisions of the SSPA, the Vendor shall refund all monies received from SMTFB including the full Total Outlay together with interest accruing thereon to SMTFB or, in the case where the termination under the SSPA, the Vendor shall pay SMTFB liquidated damages of no less than 5 times the Total Outlay no later than 7 days from the date of the Notice of Termination.

For the avoidance of doubt, 'Total Outlay' shall mean all payments, proceeds, loans, advances, investments, financing, equity funding or deposits from SMTFB to the Vendor or AHAFB which shall include the Purchase Price.

8.2 Post-termination

Following the Notice of Termination under any of the provisions of the SSPA, neither party will have any further obligation under the SSPA to the other party, except in respect of:

- (a) Their respective obligations under Section 8.1 above;
- (b) Any obligation under the SSPA which is expressed to apply after the termination of the SSPA; and
- (c) Any accrued rights, remedies and obligations of any party prior to such termination.

9. Governing Laws and Jurisdiction

The SSPA is governed by, and to be construed in accordance with, the laws of Malaysia and the parties hereby agree to submit to the jurisdiction of the courts of Malaysia.

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ADDITIONAL INFORMATION ON AHAFB

1. History and principal activities

AHAFB (Registration No. 202201026245 (1471942-U)) is a company incorporated in Malaysia on 20 July 2022. AHAFB is principally involved in the operation of the Nasi Ahmad restaurants business as well as the retail sale of food and beverage products such as *nasi kandar*, *kuih* and drinks in the Nasi Ahmad restaurants. As at the LPD, Nasi Ahmad currently has 2 restaurant outlets and the details of which are as follows:

Outlet	Location	Further details
1	KB-25, Jalan Cecawi 6/19A, Seksyen 6, 47810 Petaling Jaya, Selangor	(i) This outlet started operating since October 2016 ⁽¹⁾ (ii) This outlet is operating on a rented premise
2	No. 39-G, Jalan Teknologi 3/6B, The Core Kota Damansara, 47810 Petaling Jaya, Selangor	(i) This outlet started operating since February 2020 ⁽¹⁾ (ii) This outlet is operating on a rented premise

Note:

- (1) These outlets were operated by the Vendor as a sole proprietorship prior to the incorporation of AHAFB and acquisition of the Nasi Ahmad business by AHAFB from the Vendor. The date of commencement of business by AHAFB is on 18 October 2022, which is the completion date of the said acquisition.

2. Share capital

As at the LPD, the issued share capital of AHAFB is RM100 comprising 100 ordinary shares.

3. Directors

As at the LPD, the directors of AHAFB are as follows:

Directors	Nationality	Direct		Indirect	
		No. of ordinary Shares	%	No of ordinary Shares	%
Abdul Halim Bin Ahmad	Malaysian	40	40	-	-
Zaidi Bin Mat Isa @ Hashim	Malaysian	-	-	-	-
Azmi Bin Osman	Malaysian	-	-	-	-

4. Shareholders

As at the LPD, the shareholders of AHAFB are as follows:

Shareholders	Country of incorporation/ Nationality	No. of ordinary shares	%
SMTFB	Malaysia	60	60
Abdul Halim Bin Ahmad	Malaysian	40	40
Total issued shares		100	100

5. Subsidiary and associated company

As at the LPD, AHAFB does not have any subsidiary or associated companies.

ADDITIONAL INFORMATION ON AHAFB (CONT'D)

6. Material commitments

As at the LPD, there are no material commitments incurred or known to be incurred by AHAFB that have not been provided for which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of AHAFB.

7. Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred by AHAFB which, upon becoming due or enforceable, may have a material impact on the financial position or the financial performance of AHAFB.

8. Material contracts

As at the LPD, AHAFB has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the past 2 years preceding the date of this Circular.

9. Material litigation

As at the LPD, AHAFB is not involved in any material litigation, claims or arbitration and the directors of AHAFB confirmed that there are no proceedings pending or threatened involving AHAFB, or of any facts likely to give rise to any such proceedings.

10. Financial information

The financial information of AHAFB has yet to be available as it was only incorporated on 20 July 2022.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

All information relating to ESA International in this Circular were provided by the directors and/or management of ESA International. Therefore, the responsibility of the Board with respect to such information is limited to ensuring that such information is accurately reproduced in this Circular.

All information relating to PPESB in this Circular were provided by the directors and/or management of PPESB. Therefore, the responsibility of the Board with respect to such information is limited to ensuring that such information is accurately reproduced in this Circular.

All information relating to the Vendor in this Circular were provided by the Vendor himself. Therefore, the responsibility of the Board with respect to such information is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENTS AND CONFLICT OF INTEREST**(i) Mercury Securities**

Mercury Securities being the Principal Adviser for the Proposed Diversifications, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which it appears in this Circular.

Mercury Securities, being the Principal Adviser for the Proposed Diversifications, do hereby confirm that, no conflict of interest exists or is likely to exist in relation to its role as the Principal Adviser for the Proposed Diversifications.

(ii) PROVIDENCE

PROVIDENCE, being the independent market researcher for the Proposed Diversifications, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the IMR Report and all references thereto in the form and context in which it appears in this Circular.

PROVIDENCE confirms that no conflict of interest exists or is likely to exist in relation to its role as the independent market researcher for the Proposed Diversifications.

3. MATERIAL COMMITMENTS

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group.

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FURTHER INFORMATION (CONT'D)

4. MATERIAL CONTRACTS

As at the LPD, there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group within 2 years immediately preceding the date of this Circular, save as disclosed below:-

- (a) Heads of Agreement dated 6 July 2021 ("**HOA dated 6 July 2022**") entered into between SMTrack as purchaser and Gan Wen Ting @ Gan Mooou Heang, Susan Wong Yun Tsu, Eco Starland Berhad, Tin @ Tan Pek-Han, Senawa Digital Sdn Bhd, Lee Hong Guan, Nitesh Malani A/L Mahendra Kumar, collectively as the vendors, in respect of the proposed acquisition of 1,341,490 ordinary shares at the consideration sum of RM1.00 each of such consideration shares, representing 10% of the issued share capital of V Ultimate Wellness Sdn Bhd. As at the LPD, the HOA dated 6 July 2021 has lapsed;
- (b) Standard Agreement dated 17 November 2021 ("**Standard Agreement**") entered into between SMTrack and Cainiao (Malaysia) Sdn Bhd ("**Cainiao**") in respect of the subscription of services offered by Cainiao including to assist SMTrack to obtain the space resources on international linehaul cargo flights based on SMTrack's needs for international cargo transportation at such fees standard set out thereunder. As at the LPD, the Standard Agreement has been completed;
- (c) Heads of Agreement dated 17 January 2022 ("**HOA dated 17 January 2022**") entered into between SMTrack, which shall represent and is leading the investors, being Country Heights Holding Berhad, Jiankun, Techna-X Berhad, Sersol Berhad, MQ Technologies Berhad, (collectively to be referred as the "**Consortium**") and 5G Infra Tech Solutions Sdn Bhd ("**Target Company**") in respect of the proposed investment through such redeemable convertible preference shares issued by the Consortium led by SMTrack in the Target Company. As at the LPD, the parties are in the midst of negotiations on the extension of the HOA dated 17 January 2022 and the extension is expected to be finalised by end of November 2022;
- (d) Share Sale Agreement dated 9 June 2022 ("**Sale Share Agreement**") entered into between GWT Wellness Sdn Bhd, Gan Wen Ting @ Gan Mooou Heang as the vendors and SMTrack as the purchaser in respect of the proposed acquisition of 30% equity interest in V Ultimate Sdn Bhd at a total consideration of RM5,000,000. As at the LPD, the Share Sale Agreement has been completed;
- (e) Property Consultancy Agreement, as stated under **Appendix I**;
- (f) O&G Consultancy Agreement, as stated under **Appendix II**; and
- (g) SSPA, as stated under **Appendix III**.

5. CONTINGENT LIABILITIES

As at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the results or financial position of the Group.

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FURTHER INFORMATION (CONT'D)

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, save as disclosed below, the Group is not engaged in any other material litigation, claims or arbitration, either as plaintiff or defendant and the Board is not aware and do not have any knowledge of any proceeding pending or threatened against the Group or of any fact likely to give rise to any proceeding which may materially affect the financial position or business of the Group:

**Shah Alam High Court Suit No. BA-23NCVC-22-05/2022
SMTrack Berhad v Badrul Hisham Shaharin**

A suit was commenced at the Shah Alam High Court vide the suit no. BA-23NCVC-22-05/2022 by SMTrack (“**Plaintiff**”) against Badrul Hisham Shaharin (“**Defendant**”) for the defamatory statement published by the Defendant against the Plaintiff in his Facebook account.

The impugned and libel words published by the Defendant against the Plaintiff was that the Plaintiff managed to have some privilege and monopoly in the RFID toll operating system in the highways of Malaysia due to the director’s family and acquaintance relationship with political leaders in Malaysia where such relationship has caused the Plaintiff and its directors to be involved in an abuse of power, cronyism and nepotism. Such defamatory words have led to the Plaintiff’s reputation being badly damaged in the eyes of the society.

As such, the Plaintiff has pleaded for the following claims:

- (i) general damages in the amount exceeding RM100 million;
- (ii) compensatory damages;
- (iii) aggravated damages;
- (iv) exemplary damages;
- (v) injunction;
- (vi) an apology by the Defendant in his Facebook and printed medias; and
- (vii) interest and costs.

The Plaintiff has served its reply to the defence on 24 August 2022. During the case management on 28 September 2022, the Shah Alam High Court has given direction for the parties to file and exchange their affidavits in Enclosures 9 (Application for a judgement where admissions of fact are made by the Defendant under Order 27 Rule 3 of the Rules of Court 2012) and 11 (Application for disallowance of amendment on the amended defence dated 7 September 2022 under Order 20 Rule 4 of the Rules of Court 2012). The Shah Alam High Court had fixed for the hearing of the abovementioned suit on 19 January 2023.

The solicitor in charge of the abovementioned suit expressed that they are of the view that SMTrack has a clear and strong cause of action in claiming defamation against the Defendant and that the Shah Alam High Court should decide in favour of SMTrack.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of SMTrack at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur during normal business hours between Monday to Friday (except public holidays), from the date of this Circular up to the time fixed for the holding of the EGM: -

- (i) the Constitution of SMTrack;
- (ii) the audited financial statements of SMTrack for the past 2 financial years up to FPE 31 December 2021 and the latest unaudited financial statements of SMTrack for the 9-months period ended 30 September 2022;
- (iii) IMR Report;
- (iv) the letter of consent as referred to in Section 2 of this Appendix V;
- (v) the material contracts referred to in Section 4 of this Appendix V; and
- (vi) the relevant cause papers in respect of the material litigation referred to in Section 6 of this Appendix V.



SMTrack Berhad

(Registration No. 200401000918 (639421-X))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of SMTrack Berhad (“**SMTrack**” or “**Company**”) to be held through live streaming from the Broadcast Venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 3 February 2023 at 10.30 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolution with or without any modifications:

ORDINARY RESOLUTION 1

PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF SMTRACK AND ITS SUBSIDIARIES (“SMTRACK GROUP” OR “GROUP”) TO INCLUDE PROPERTY MANAGEMENT AND PROPERTY DEVELOPMENT BUSINESSES (“PROPOSED DIVERSIFICATION INTO PROPERTY RELATED BUSINESSES”)

“**THAT** subject to the approvals of all relevant authorities and/or parties (where required) being obtained, approval be and is hereby given to the Group to diversify its existing business activities to include property management and property development business;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things as are necessary to give effect to the Proposed Diversification into Property Related Businesses with full powers to assent to or make any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all steps and actions as the Board may deem fit or expedient in the best interest of the Group and in order to implement, finalise and give full effect to the Proposed Diversification into Property Related Businesses.”

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF THE GROUP TO INCLUDE PROVIDING CONSULTANCY SERVICES FOR OIL AND GAS (“O&G”) BUSINESSES (“PROPOSED DIVERSIFICATION INTO O&G BUSINESSES”)

“**THAT** subject to the approvals of all relevant authorities and/or parties (where required) being obtained, approval be and is hereby given to the Group to diversify its existing business activities to include providing consultancy services for O&G business;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things as are necessary to give effect to the Proposed Diversification into O&G Businesses with full powers to assent to or make any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all steps and actions as the Board may deem fit or expedient in the best interest of the Group and in order to implement, finalise and give full effect to the Proposed Diversification into O&G Businesses.”

ORDINARY RESOLUTION 3

PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF THE GROUP TO INCLUDE FOOD AND BEVERAGE (“F&B”) SERVICES AND TRADING IN F&B BUSINESSES (“PROPOSED DIVERSIFICATION INTO F&B BUSINESSES”)

“**THAT** subject to the approvals of all relevant authorities and/or parties (where required) being obtained, approval be and is hereby given to the Group to diversify its existing business activities to include F&B services and trading in F&B business;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things as are necessary to give effect to the Proposed Diversification into F&B Businesses with full powers to assent to or make any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all steps and actions as the Board may deem fit or expedient in the best interest of the Group and in order to implement, finalise and give full effect to the Proposed Diversification into F&B Businesses.”

ORDINARY RESOLUTION 4

PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED NEW SHAREHOLDERS’ MANDATE”)

“**THAT** subject to the provision of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Group to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature with specified classes of related parties (“**Recurrent Related Party Transactions**”) which are necessary for the day to day operations and are in the ordinary course of business and are carried out at arms’ length basis on normal commercial terms of the Group on terms not more favourable to the related parties than those generally available to the public and are not, in the Company’s opinion, detrimental to minority shareholders of the Company and that such approval shall continue to be in force until: -

- (i) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of SMTrack be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed New Shareholders’ Mandate.”

By Order of the Board
SMTRACK BERHAD

Wong Youn Kim
(MAICSA No. 7018778)
(SSM PC No. 201908000410)

Company Secretary
Kuala Lumpur
18 January 2023

Notes:

- (i) Please refer to the Administrative Guide at <http://smtrackberhad.my/> for the procedures to register and participate in the virtual meeting.
- (ii) The Broadcast Venue, which is the main venue of the EGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the EGM is to inform shareholders where the electronic EGM production and streaming would be conducted from. NO SHAREHOLDER(S)/PROXY(IES) from the public will be allowed to be physically present at the Broadcast Venue.
- (iii) A member entitled to attend and vote at the meeting of the Company is entitled to appoint up to two (2) proxies to attend and vote in his stead, and that a proxy may but not need to be a Member.
- (iv) Where a member appoints more than one proxy to attend at the same meeting, the instrument of proxy must specify the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote.
- (v) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account ("**Omnibus account**") it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (vi) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised.
- (vii) The instrument appointing a proxy and the power of attorney or other attorney, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited as follows not less than 24 hours before the time appointed for holding the EGM or at any adjournment thereof:
 - (a) Deposit the Form of Proxy in hardcopy
Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan
 - (b) Deposit the Form of Proxy electronically
Share Registrar, Boardroom Share Registrars Sdn. Bhd. via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>
- (viii) In respect of deposited securities, only members whose names appear on the Record of Depositors on 27 January 2023 shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/vote on his behalf.

**SMTrack Berhad**

(Registration No. 200401000918 (639421-X))
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held	
CDS Account No.	

I/We, _____ NRIC/Passport/Company No. _____
(Full name in block)

Tel: _____ of _____

(Full address and e-mail address)

Being member(s) of SMTRACK BERHAD, hereby appoint: -

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Telephone No.		
Address			

*and/or failing him/her

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Telephone No.		
Address			

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote and act for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held through live streaming from the Broadcast Venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 3 February 2023 at 10.30 a.m. or at any adjournment thereof, and to vote as indicated below: -

Item	Agenda	Resolution	FOR	AGAINST
1	Proposed Diversification into Property Related Businesses	Ordinary Resolution 1		
2	Proposed Diversification into O&G Businesses	Ordinary Resolution 2		
3	Proposed Diversification into F&B Businesses	Ordinary Resolution 3		
4	Proposed New Shareholders' Mandate	Ordinary Resolution 4		

Please indicated with an "X" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed this _____ day of _____ 2023

Signature*
Member/ Common Seal



Notes:

- (i) Please refer to the Administrative Guide at <http://smtrackberhad.my/> for the procedures to register and participate in the virtual meeting.
- (ii) The Broadcast Venue, which is the main venue of the extraordinary general meeting ("**EGM**") is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the EGM is to inform shareholders where the electronic EGM production and streaming would be conducted from. NO SHAREHOLDER(S)/PROXY(IES) from the public will be allowed to be physically present at the Broadcast Venue.
- (iii) A member entitled to attend and vote at the meeting of the Company is entitled to appoint up to two (2) proxies to attend and vote in his stead, and that a proxy may but not need to be a Member.
- (iv) Where a member appoints more than one proxy to attend at the same meeting, the instrument of proxy must specify the proportions of his shareholdings to be represented by each proxy. He must also specify which proxy is entitled to vote.
- (v) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account ("Omnibus account") it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (vi) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised.
- (vii) The instrument appointing a proxy and the power of attorney or other attorney, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited as follows not less than 24 hours before the time appointed for holding the EGM or at any adjournment thereof:
 - (a) Deposit the Form of Proxy in hardcopy
Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan
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Share Registrar, Boardroom Share Registrars Sdn. Bhd. via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>
- (viii) In respect of deposited securities, only members whose names appear on the Record of Depositors on 27 January 2023 shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/vote on his behalf.

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AFFIX
STAMP

SMTRACK BERHAD
(Registration No. 200401000918 (639421-X))
c/o Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

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